

22 December 2022

Markets higher for 2nd night as home sales confirm economic weakness

- **Global markets.** It was another solid night for US stocks, marking back-to-back gains, as very soft US housing data supported the 'inflation has peaked' narrative and pushed terminal rate expectations lower (again, for a second day). For the session all major indices were higher by ~1.5% with the Dow modestly ahead of the pack (+1.6%) followed by the S&P and Nasdaq at 1.5% and small cap Russell 2000 at 1.3%. It was a similar story in Europe where all major indices rose by 1.5%-2.0% for the day.
- **US housing data.** The major economic release overnight was US existing home sales, which came in at 4.1m for the month of November – below 4.2m estimates and last month's print of 4.4m. This MoM -7.7% result was the weakest reading since Feb of this year. Elsewhere, Canadian core CPI was flat MoM (against expectations for 0.2% and last month at 0.4%).
- **Yields lower.** The abovementioned data saw yield expectations fall, with the terminal rate now seen at 4.85% after briefly going back above 5% last week. This saw both the 2-year and 10-year fall – by 4bp and 2bp respectively. The yield curve steepened to -55bp from -57bp yesterday.
- **In other markets,** the **USD** was slightly higher vs a basket of currencies (+0.2%) which weighed on a broad mix of **commodities** as **copper, silver, gold** and others all fell. **Oil** was higher on a surprise US inventory draw and **tin** was also higher. Finally, the **VIX Index** remains extremely subdued, closing last night another 7% lower at just 20.05, after falling through 20 intra-session.
- **Futures higher.** Given the very strong lead from all markets overnight, it appears local stocks will open higher when trading commences this morning. ASX futures are currently up by 41 points, or ~0.6% at the time of writing.

World Indices	Close	Prior	% Δ
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Local Markets

All Ordinaries	7,293.0	7,199.6	1.3%
ASX 200	7,115.1	7,024.3	1.3%
ASX Emerging Companies	2,078.5	2,063.5	0.7%

US Markets

Dow Jones	33,376.5	32,849.8	1.6%
S&P500	3,878.4	3,821.6	1.5%
Nasdaq	10,709.4	10,547.1	1.5%
Russell 2000	1,774.4	1,751.0	1.3%

Asian & European Markets

Shanghai Composite	3,068.4	3,073.8	-0.2%
Nikkei	26,387.7	26,568.0	-0.7%
Hang Seng	19,160.5	19,094.8	0.3%
FTSE 100	7,497.3	7,370.6	1.7%
DAX 30	14,097.8	13,884.7	1.5%
CAC 40	6,580.2	6,450.4	2.0%

Economic Releases	Time	F'cast	Prior
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UK GDP (YoY)	18:00	2.4%	4.4%
US GDP (YoY)	00:30	2.9%	-0.6%
US Core PCE	00:30	4.6%	4.7%

Key BW Names	Close	Prior	% Δ
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Family Zone Cyber Security	0.290	0.265	9.4%
Jervois Mining	0.295	0.275	7.3%
Syrah Resources	2.280	2.160	5.6%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	78.44	76.09	3.1%
Gold	1,814.7	1,818.2	-0.2%
Gold (Aus)	2,704.4	2,722.3	-0.7%
Silver	23.98	24.18	-0.8%
Uranium (Spot)	47.75	47.75	0.0%
Tin (Futures)	24,135	23,890	1.0%
Copper	3.786	3.801	-0.4%

Other Markets	Close	Prior	% Δ
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DXY Index	104.20	104.00	0.2%
AUD/USD	0.6710	0.6679	0.5%
VIX Index	20.05	21.49	-6.7%
2-Year Treasury Yield (%)	4.227	4.266	-4 bp
10-Year Treasury Yield (%)	3.677	3.692	-2 bp
US 2-10-Year Spread	-0.550	-0.574	2 bp