

24 January 2023

Tech rallies again (+2%) as leading indicators signal weakness ahead

- **Global markets.** It was yet another strong night for equities across the board, with US, European and Asian stocks all higher over the day. In the US, it was the tech-heavy Nasdaq which led the day – up 2.0%, followed by small caps (Russell +1.3%), the S&P 500 (+1.2%) and Dow (+0.8%). In Europe, all markets closed ahead by ~0.5%.
- **Tech leads.** Technology stocks led the overnight gains (again), with **Information Tech** (+2.3%) and **Communication Services** (+1.8%) the two leading sectors (noting 10 of 11 S&P sectors closed green, with just **Energy** lower). Tech has thus far been a standout in 2023 after a lacklustre 2022, with the Nasdaq now >9% higher for the year and mega cap names such as **Tesla** now >40% off their lows from late last year (**Tesla** was up another 8% last night).
- **Yields higher.** The abovementioned rally in tech names came despite a strong sell-off in bonds, with both 2-year and 10-year yields rising >10bps last night. The yield curve remains heavily inverted at -70bps (as measured by the 2/10) and >100bps as measured by the 3m/10yr.
- **In other markets,** the **USD** was flat as measured by the DXY, the **AUD** was sharply higher against other currencies (and by 0.8% vs the USD). After a strong few sessions, **commodities** took a breather with **oil** flat, **gold** just ahead, **silver** off 2% and **base metals** mixed. Elsewhere, the **VIX Index** fell back below 20.
- **Futures higher.** Unsurprisingly, it appears local stocks will open higher again when trading begins this morning – with ASX futures currently ahead by 25 points, or ~0.3% at the time of writing.
- **Economics.** It will be a busy day for economics, with PMIs due from several regions, including Aus, the Eurozone, USA, UK, Germany and France. Elsewhere, Christine Lagarde is due to speak and German consumer confidence figures are also due.

World Indices	Close	Prior	% Δ
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Local Markets

All Ordinaries	7,674.2	7,666.3	0.1%
ASX 200	7,457.3	7,452.2	0.1%
ASX Emerging Companies	2,285.2	2,272.2	0.6%

US Markets

Dow Jones	33,629.6	33,375.5	0.8%
S&P500	4,019.8	3,972.6	1.2%
Nasdaq	11,364.4	11,140.4	2.0%
Russell 2000	1,890.8	1,867.3	1.3%

Asian & European Markets

Shanghai Composite	3,264.8	3,264.8	0.0%
Nikkei	26,906.0	26,553.5	1.3%
Hang Seng	22,044.7	22,044.7	0.0%
FTSE 100	7,784.7	7,770.6	0.2%
DAX 30	15,103.0	15,033.6	0.5%
CAC 40	7,032.1	6,996.0	0.5%

S&P500 Sectors	Close	Prior	% Δ
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Info. Technology	2,344.7	2,292.6	2.3%
Communication Services	180.3	177.1	1.8%
Energy	693.9	695.3	-0.2%

Economic Releases	Time	F'cast	Prior
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Manufacturing PMI	9:00		50.2
Services PMI	9:00		47.3
German Cons. Confidence	18:00	-33.0	-37.8
Global PMIs	Various		
ECB's Lagarde Speaks	20:45		

Key BW Names	Close	Prior	% Δ
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Lotus Resources	0.235	0.225	4.4%
Jervois Mining	0.305	0.300	1.7%
Syrah Resources	2.290	2.260	1.3%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	81.62	81.64	0.0%
Gold	1,932	1,930	0.1%
Gold (Aus)	2,748	2,768	-0.7%
Silver	23.46	23.94	-2.0%
Uranium (Spot)	48.88	48.75	0.3%
Tin (Futures)	29,590	29,600	0.0%
Copper	4.26	4.28	-0.5%

Other Markets	Close	Prior	% Δ
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DXY Index	102.0	102.0	0.0%
AUD/USD	0.7028	0.6973	0.8%
2-Year Treasury Yield (%)	4.224	4.127	10 bp
10-Year Treasury Yield (%)	3.521	3.405	12 bp
US 2-10-Year Spread	-0.703	-0.722	2 bp
VIX Index	19.81	19.85	-0.2%