

6 December 2022

## US stocks off ~1-3% on strong US ISM print, RBA rate decision today

- **Global markets.** Following weeks of relatively calm in US equity markets, last night saw stocks sell-off sharply – with all indices closing at-or-near the lows of the day. For the session, the Russell 2000 was worst of the group, down 2.8%, followed by the S&P 500 (-1.9%), Nasdaq (-1.8%) and Dow (-1.4%). In Europe stocks were also lower, led by the French CAC which fell 0.7%.
- **Strong ISM print + WSJ drive weakness.** There were twin drivers of the overnight performance in stocks, being a WSJ article from 'Fed whisperer' Nick Timiraos that noted 'elevated wage pressures could muddy the debate over 50 vs 25 bps' at the Fed's February meeting and a very strong ISM non-manufacturing print which came in at 56.5 against expectations for 53. This combination saw terminal rate expectations shoot back above 5% for the first time this month, which of course weighed on stocks accordingly.
- **In other markets,** the **USD** followed yields higher and weighed on **commodities** virtually across the board, with **oil** off 3%, **gold** and **silver** 3% and 4% respectively and **uranium** flat. **Tin** managed to buck the trend, adding 3% for the day. Elsewhere, the **AUD** was broadly weaker against other major currencies, **Treasury** yields were sharply higher along the curve (2-year +9bp, 10-year +10bp) and the **VIX Index** spiked back above 20 on the day's equity market volatility.
- **RBA on deck.** In economics, the major event today will be the RBA's latest rate decision which will be handed down at 2:30pm local time. Economists are looking for a 25bp increase in the benchmark rate to 3.10%, from 2.85% in November.
- **Futures off 0.7%.** Given the poor lead from Wall Street, it appears local stocks will open sharply lower when trading commences this morning – with ASX futures currently down by 47 points, or ~0.7% at the time of writing.

World Indices	Close	Prior	% Δ
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### Local Markets

All Ordinaries	7,527.8	7,503.5	0.3%
ASX 200	7,325.6	7,301.5	0.3%
ASX Emerging Companies	2,195.8	2,204.5	-0.4%

### US Markets

Dow Jones	33,947.1	34,429.9	-1.4%
S&P500	3,998.8	4,071.7	-1.8%
Nasdaq	11,239.9	11,461.5	-1.9%
Russell 2000	1,840.2	1,892.8	-2.8%

### Asian & European Markets

Shanghai Composite	3,211.8	3,156.1	1.8%
Nikkei	27,820.4	27,777.9	0.2%
Hang Seng	19,518.3	18,675.4	4.5%
FTSE 100	7,567.5	7,556.2	0.1%
DAX 30	14,447.6	14,529.4	-0.6%
CAC 40	6,697.0	6,742.3	-0.7%

Economic Releases	Time	F'cast	Prior
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RBA Rate Decision	14:30	3.10%	2.85%
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Key BW Names	Close	Prior	% Δ
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Alderaan Resources	0.009	0.007	28.6%
BetMakers Tech. Group	0.315	0.270	16.7%
Dubber Corporation	0.510	0.460	10.9%
Frontier Energy	0.550	0.550	0.0%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	77.35	79.98	-3.3%
Gold	1,768.3	1,798.0	-1.7%
Gold (Aus)	2,580.4	2,650.4	-2.6%
Silver	22.25	23.16	-3.9%
Uranium (Spot)	48.00	48.00	0.0%
Tin (Futures)	24,415	23,650	3.2%

Currency	Close	Prior	% Δ
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DXY Index	105.29	104.51	0.7%
AUD/USD	0.6698	0.6784	-1.3%
AUD/EUR	0.6384	0.6442	-0.9%
AUD/YEN	91.62	91.15	0.5%
AUD/GBP	0.5494	0.5525	-0.6%
AUD/NZD	1.0600	1.0652	-0.5%
AUD/CAD	0.9101	0.9136	-0.4%

Other Markets	Close	Prior	% Δ
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VIX Index	20.75	19.06	8.9%
2-Year Treasury Yield (%)	4.383	4.292	9 bp
10-Year Treasury Yield (%)	3.592	3.494	10 bp
US 2-10-Year Spread	-0.791	-0.798	1 bp