

6 February 2023

Markets lower Friday night on incredibly strong US jobs report & ISM

- **Global markets on Friday.** The final trading day of last week finished in the red as all US indices lost value due to the strong labour market data. It was the tech-heavy Nasdaq that saw the biggest losses, falling -1.6%, followed by the S&P 500 (-1.0%), Russell 2000 (-0.8%) and the Dow Jones (-0.4%). Elsewhere, European stocks were broadly up whilst Asian indices were down as a whole.
- **Jobs report and ISM.** On Friday, the US released many data points relating to the labour force, which all came in much hotter than anticipated. The key data points were the Non Farm Payrolls which almost doubled in January, the unemployment rate which fell from 3.5% to 3.4% and the ISM non-manufacturing PMI rose from 49.2 to 55.2.
- **Yields.** Bond yields soared upon the Payroll data, back to pre-Powell's speech levels. Friday alone saw the 2-year jump +17bps and 10-year +12bps, resulting in a -6bp fall in the 2-10-year curve, which now sits at -77bps.
- **In others markets.** Commodities across the board were down on Friday as **WTI Crude** fell -3.3% to \$73.4/bbl. Precious metals also tumbled, as **gold** (-2.2%) fell back below \$1900/oz and **silver** lost -4.4%. **Uranium** was unchanged whilst **tin** and **copper** lost -4.4% and -1.4% respectively. In the currencies market, the USD appreciated against a basket of currencies as the **DX** added +1.2%. Surprisingly, the **VIX** fell ~2% and finished at 18.33.
- **Futures.** Despite weak US equity performance on Friday night, the ASX looks set to rise of the open, with futures up +12 points or +0.2% as of writing.
- **This week in economics.** A busy week for local economics awaits, with RBA to hand down its latest rate decision tomorrow – predicted to increase by 25bps, followed by a RBA statement on Friday. Internationally, German inflation (Thu), Chinese inflation (Fri) and UK's GDP figures (Fri) will all be announced over the course of the week.

World Indices	Close	Prior	% Δ
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Local Markets

All Ordinaries	7,771.8	7,728.5	0.6%
ASX 200	7,558.1	7,511.6	0.6%
ASX Emerging Companies	2,274.4	2,272.0	0.1%

US Markets

Dow Jones	33,926.0	34,053.9	-0.4%
S&P500	4,136.5	4,179.8	-1.0%
Nasdaq	12,007.0	12,200.8	-1.6%
Russell 2000	1,985.5	2,001.2	-0.8%

Asian & European Markets

Shanghai Composite	3,263.4	3,285.7	-0.7%
Nikkei	27,509.5	27,402.1	0.4%
Hang Seng	21,660.5	21,958.4	-1.4%
FTSE 100	7,901.8	7,820.2	1.0%
DAX 30	15,476.4	15,509.2	-0.2%
CAC 40	7,233.9	7,166.3	0.9%

S&P500 Sectors	Close	Prior	% Δ
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Utilities	345.0	352.3	-2.1%
Communication Services	192.5	196.9	-2.2%
Consumer Discretionary	1,176.7	1,214.4	-3.1%

Economic Releases	Time	F'cast	Prior
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Eurozone Retail Sales	21:00	-2.7%	-2.8%
ECB's Lagarde Speaks	5:00		-3.6%

Key BW Names	Close	Prior	% Δ
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Family Zone Cyber Security	0.260	0.250	4.0%
Forbidden Foods	0.026	0.025	4.0%
Elementos	0.330	0.320	3.1%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	73.39	75.88	-3.3%
Gold	1,871	1,913	-2.2%
Gold (Aus)	2,715	2,702	0.5%
Silver	22.35	23.47	-4.8%
Uranium (Spot)	51.25	51.18	0.1%
Tin (Futures)	28,000	29,290	-4.4%
Copper	4.03	4.09	-1.4%

Other Markets	Close	Prior	% Δ
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DX Index	103.0	101.8	1.2%
AUD/USD	0.6892	0.7079	-2.6%
2-Year Treasury Yield (%)	4.287	4.113	17 bp
10-Year Treasury Yield (%)	3.519	3.402	12 bp
US 2-10-Year Spread	-0.768	-0.711	-6 bp
VIX Index	18.33	18.73	-2.1%