

7 December 2022

Markets down another 1-2% overnight as yield curve inverts further

- Global markets.** US markets were down again last night – making it 7 of the last 8 trading sessions. The Nasdaq was the biggest loser overnight, falling -2.0%, followed by the Russell (-1.5%), S&P500 (-1.4%) and Dow Jones (-1.0%). Following the sell-off, all the gains post Jerome Powell's speech last week have been erased. Elsewhere, European indices were also all over, albeit to a lesser extent, whilst Asian indices were ~flat.
- Futures.** Following the weak performance of US equities, the ASX is set to fall at the open, with ASX futures down -37 points or -0.5% as of writing.
- Yields.** The long end of the curve continued to outperform overnight, as the 10-Year fell -5bps and crept back towards 3.50% and the 2-Year remained unchanged. This further inverted the 2-10-spread, which jumped to -85bps and continues to reach record levels since 1981.
- In other markets.** It was another weak day for commodities as the Bloomberg Commodity Index hit its lowest level since February. **WTI Crude** lost -3.9% despite a significant inventory drawdown as recession speculation raises concerns of slowing demand. **Gold** remained relatively unchanged at \$1,771/oz and **silver** slipped -0.3%. **Tin** continued its positive momentum as it added another +1.9% overnight and the **VIX** jumped +6.8% which now sits at ~22. In currency news, the **USD** appreciated against a basket of currencies, leading the **DX** to gain +0.3% as it crossed above its 200DMA.
- Economics.** Today, key domestic and international news will be announced. Within Australia, Q3 GDP figures out at 11:30am alongside October's building permits and the AiG services index. Internationally, the Eurozone GDP figures are predicted to be weak and the BoC will hand down its latest rate decision; where expectatoinis are for a 50bps rise to 4.25% (from 3.75% last month).

World Indices	Close	Prior	% Δ
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Local Markets

All Ordinaries	7,487.7	7,527.8	-0.5%
ASX 200	7,291.3	7,325.6	-0.5%
ASX Emerging Companies	2,168.2	2,195.8	-1.3%

US Markets

Dow Jones	33,596.3	33,947.1	-1.0%
S&P500	3,941.3	3,998.8	-1.4%
Nasdaq	11,014.9	11,239.9	-2.0%
Russell 2000	1,812.6	1,840.2	-1.5%

Asian & European Markets

Shanghai Composite	3,212.5	3,211.8	0.0%
Nikkei	27,885.9	27,820.4	0.2%
Hang Seng	19,441.2	19,518.3	-0.4%
FTSE 100	7,521.4	7,567.5	-0.6%
DAX 30	14,343.2	14,447.6	-0.7%
CAC 40	6,687.8	6,697.0	-0.1%

Economic Releases	Time	F'cast	Prior
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AiG Services Index	8:30	45.6	47.7
Q3 GDP (YoY)	11:30	6.2%	3.6%
Building Permits	11:30	-6.0%	-8.1%
Eurozone GDP (YoY)	21:00	2.1%	4.3%
BoC Rate Decision	2:00	4.25%	3.75%

Key BW Names	Close	Prior	% Δ
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Elementos	0.275	0.255	7.8%
Family Zone Cyber Security	0.315	0.295	6.8%
Frontier Energy	0.550	0.550	0.0%
Selfwealth	0.200	0.200	0.0%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	74.35	77.35	-3.9%
Gold	1,770.8	1,768.3	0.1%
Gold (Aus)	2,580.4	2,640.1	-2.3%
Silver	22.19	22.25	-0.3%
Uranium (Spot)	48.00	48.00	0.0%
Tin (Futures)	24,870	24,415	1.9%

Currency	Close	Prior	% Δ
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DX Index	105.58	105.29	0.3%
AUD/USD	0.6689	0.6698	-0.1%
AUD/EUR	0.6390	0.6384	0.1%
AUD/YEN	91.66	91.62	0.0%
AUD/GBP	0.5513	0.5494	0.3%
AUD/NZD	1.0588	1.0600	-0.1%
AUD/CAD	0.9130	0.9101	0.3%

Other Markets	Close	Prior	% Δ
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VIX Index	22.17	20.75	6.8%
2-Year Treasury Yield (%)	4.387	4.383	0 bp
10-Year Treasury Yield (%)	3.539	3.592	-5 bp
US 2-10-Year Spread	-0.848	-0.791	-6 bp

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