

7 February 2023

Markets red o/night ahead of Powell speech, RBA rate decision on deck

- Global markets.** It was another rough night for global equities as investors continued to digest Friday's blockbuster non-farm payrolls print, and ahead of an unplanned speech from Fed Chairman Powell tonight – which many believe will be used to walk back some of the dovish messaging taken from last week's press conference. For the night, all major US indices were down – led by the Russell (-1.4%) and Nasdaq (-1.0%), while European indices were also all lower by ~1%.
- Yields rocket higher.** The above themes saw a hawkish repricing of rate expectations overnight, with the US 2-year adding 19bps and the 10-year 12bps. Market's have now completely removed any pricing of Fed rate cuts in the back half of 2023 (from 45bps ahead of payrolls), while expectations for a May hike have now risen to 75%.
- In other markets,** the **USD** shot higher on the rally in yields, this in-turn weighed on **commodities** across the board, with **gold, silver, tin, uranium** and **copper** all lower, while **oil** managed to eek out a 1% gain. Elsewhere, the **VIX Index** added 7% on account of the day's equity market volatility.
- RBA rate decision today.** In economics, today's major local event will be the RBA's first interest rate decision for 2023, with the bank widely tipped to raise its benchmark rate to 3.35%, from 3.1% previously. Elsewhere, Powell will speak (tomorrow morning, as mentioned above), while AiG services index and balance of trade data are also out this morning.
- Futures flat.** Despie the poor lead from Wall Street, it appears local stocks will more-or-less open flat when trading commences this morning – with ASX futures currently ahead by a single point.

World Indices	Close	Prior	% Δ
---------------	-------	-------	-----

Local Markets

All Ordinaries	7,745.9	7,771.8	-0.3%
ASX 200	7,539.0	7,558.1	-0.3%
ASX Emerging Companies	2,239.6	2,274.4	-1.5%

US Markets

Dow Jones	33,891.0	33,926.0	-0.1%
S&P500	4,111.1	4,136.5	-0.6%
Nasdaq	11,887.5	12,007.0	-1.0%
Russell 2000	1,957.8	1,985.5	-1.4%

Asian & European Markets

Shanghai Composite	3,238.7	3,263.4	-0.8%
Nikkei	27,693.7	27,509.5	0.7%
Hang Seng	21,222.2	21,660.5	-2.0%
FTSE 100	7,836.7	7,901.8	-0.8%
DAX 30	15,345.9	15,476.4	-0.8%
CAC 40	7,137.1	7,233.9	-1.3%

S&P500 Sectors	Close	Prior	% Δ
----------------	-------	-------	-----

Utilities	348.1	345.0	0.9%
Consumer Staples	767.0	766.9	0.0%
Communication Services	190.0	192.5	-1.3%

Economic Releases	Time	F'cast	Prior
-------------------	------	--------	-------

AiG Services Index	08:30		45.6
Balance of Trade	11:30	A\$12.5b	A\$13.2b
RBA Rate Decision	14:30	3.35%	3.10%
Fed Chair Powell Speaks	04:40		

Key BW Names	Close	Prior	% Δ
--------------	-------	-------	-----

Hydralyte	0.100	0.100	0.0%
Selfwealth	0.180	0.180	0.0%
Syrah Resources	2.000	2.020	-1.0%

Commodities	Close	Prior	% Δ
-------------	-------	-------	-----

Oil - West Texas Crude	74.37	73.39	1.3%
Gold	1,869.4	1,871.0	-0.1%
Gold (Aus)	2,714.8	2,714.7	0.0%
Silver	22.26	22.35	-0.4%
Uranium (Spot)	50.75	51.25	-1.0%
Tin (Futures)	27,185	28,000	-2.9%
Copper	4.04	4.03	0.2%

Other Markets	Close	Prior	% Δ
---------------	-------	-------	-----

DXY Index	103.61	103.00	0.6%
AUD/USD	0.6886	0.6892	-0.1%
VIX Index	19.54	18.33	6.6%
2-Year Treasury Yield (%)	4.475	4.287	19bp
10-Year Treasury Yield (%)	3.643	3.519	12bp
US 2-10-Year Spread	-0.832	-0.768	-6bp

Disclosure: BW Equities advise that they and persons associated with them may have an interest in the above securities and that they may earn brokerage, commissions, fees and other benefits and advantages in connection with the making of a recommendation or a dealing by a client in these securities or by seeking to do business with companies covered in this report. Investors should consider investment risks and conflicts highlighted at the end of this report and not only consider this report in making an investment decision.