

8 December 2022

Markets slightly lower overnight, yields continue to fall (10yr -11bps)

- **Global markets.** It was a relatively quiet night in markets, with all major US indices trading in a range of + / - 0.5%, with the Nasdaq (-0.5%) trailing and Dow Jones (~flat) leading. The day's moves came despite another material drop in yields across the curve, as investors seemingly offset the 'low-rates' good news with 'deeper-recession' bad news. In Europe it was a similar story with all markets closing only modestly lower.
- **In company news,** the day's worst performer list was littered with **airlines** on the abovementioned recession fears, with **Alaska, United, Southwest, Delta** and **American** all down over 4% for the day. Elsewhere, **Carvana** stock fell another 42% on a broker downgrade and bankruptcy concerns. The company is now down 99% from its 12-month highs (\$3/sh vs \$274/sh).
- **Yields sharply lower.** In fixed income news, yields fell right along the curve, with both the 2-year and 10-year **Treasury** off 11bps for the day. The 10-year is now ~1% off its 12-month highs at 3.4% vs 4.3%, while the yield curve remains heavily inverted at 85bps – the largest such inversion since 1981.
- **In other markets,** the **USD** was weaker overnight which helped some **commodities (gold, silver, copper** all higher), while **oil** continued its rapid decline, losing another ~3% overnight to be sitting at just US\$72/bbl at the time of writing. Finally, the **VIX Index** was 2% higher, but remains relatively calm at a level of just 22.
- **Futures down 0.2%.** Given the modest lead from Wall Street, it appears local stocks will open slightly lower when trading commences this morning – with ASX futures currently down by 16 points, or ~0.2% at the time of writing.
- **In economic news,** today's key events include Japanese GDP, local balance of trade figures, US weekly jobless claims and speech from Christine Lagarde tomorrow morning.

World Indices	Close	Prior	% Δ
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Local Markets

All Ordinaries	7,423.2	7,487.7	-0.9%
ASX 200	7,229.4	7,291.3	-0.8%
ASX Emerging Companies	2,147.6	2,168.2	-1.0%

US Markets

Dow Jones	33,597.9	33,596.3	0.0%
S&P500	3,933.9	3,941.3	-0.2%
Nasdaq	10,958.6	11,014.9	-0.5%
Russell 2000	1,807.8	1,812.6	-0.3%

Asian & European Markets

Shanghai Composite	3,199.6	3,212.5	-0.4%
Nikkei	27,686.4	27,885.9	-0.7%
Hang Seng	18,814.8	19,441.2	-3.2%
FTSE 100	7,489.2	7,521.4	-0.4%
DAX 30	14,261.2	14,343.2	-0.6%
CAC 40	6,660.6	6,687.8	-0.4%

Economic Releases	Time	F'cast	Prior
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Japan GDP	10:50	-1.1%	4.6%
Balance of Trade	11:30	A\$12b	A\$12b
US Initial Jobless Claims	0:30	230k	225k
US Continuing Jobless Claims	0:30	1.6m	1.6m
ECB's Lagarde Speaks	5:00		

Key BW Names	Close	Prior	% Δ
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Jervois Mining	0.325	0.320	1.6%
Syrah Resources	2.520	2.490	1.2%
Elementos	0.275	0.275	0.0%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	72.47	74.35	-2.5%
Gold	1,785.8	1,770.8	0.8%
Gold (Aus)	2,580.4	2,647.4	-2.5%
Silver	22.72	22.72	2.4%
Uranium (Spot)	48.00	48.00	0.0%
Tin (Futures)	24,395	24,870	-1.9%

Currency	Close	Prior	% Δ
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DXY Index	105.17	105.58	-0.4%
AUD/USD	0.6724	0.6689	0.5%
AUD/EUR	0.6400	0.6390	0.1%
AUD/YEN	91.83	91.66	0.2%
AUD/GBP	0.5507	0.5513	-0.1%
AUD/NZD	1.0582	1.0588	-0.1%
AUD/CAD	0.9179	0.9130	0.5%

Other Markets	Close	Prior	% Δ
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VIX Index	22.68	22.17	2.3%
2-Year Treasury Yield (%)	4.275	4.387	-11 bp
10-Year Treasury Yield (%)	3.425	3.539	-11 bp
US 2-10-Year Spread	-0.850	-0.848	0 bp