

9 February 2023

Markets lower again o/night on hawkish Fed speak & GOOGL AI mishap

- **Global markets.** Stocks continued to sell-off last night as a procession of Fed speakers (Kashkari, Waller, Williams) were rolled out to reiterate the Fed's 'higher for longer' message. This, combined with a very poor session for **Alphabet**, saw all key US indices lower – led by the Nasdaq (-1.7%) and Russell 2000 (-1.5%). Over in Europe, stocks were mixed, as were Asian markets during the day.
- **Fed speakers.** Key passages from the overnight presentations included “inflation remains quite elevated, and so more needs to be done” – Waller, that the 5.1% rate expectation for the end of 2023 “still seems a very reasonable view” – Williams, and “we need to bring the labor market into balance so that tells me we need to do more” – Kashkari.
- **From a sector perspective,** all 11 of the S&P's sub-sectors finished lower, led by heavy selling in **Alphabet** (-8%) which collapsed as its AI chatbot *Bard* gave an incorrect answer in a presentation. This saw the **Communication Services** sector at the bottom of the list, off >4% for the day, while **IT** and **Utilities** were also weak, lower by 1.3% and 1.7% respectively.
- **In other markets,** the **USD** continued to grind higher with the **DX** up 0.1% for the day. This was despite a pullback in **yields** with the 2-year off 4bps and 10-year 5bps (the current 2-10-spread is still sitting around ~80bps). Elsewhere, **commodities** were a mixed bag, with **oil** +1.3%, **gold** and **silver** each slightly ahead, **tin** +1% and **copper** and **spot uranium** trading lower. Finally, the **VIX Index** rose 5% on account of the day's equity market declines, and ahead of next week's CPI print.
- **Futures point lower.** Given the poor lead from Wall Street, it appears local stocks will open lower when trading commences this morning – with ASX futures currently down by 31 points, or ~0.4% at the time of writing.

World Indices	Close	Prior	% Δ
<u>Local Markets</u>			
All Ordinaries	7,740.5	7,713.1	0.4%
ASX 200	7,530.1	7,504.1	0.3%
ASX Emerging Companies	2,278.2	2,246.1	1.4%

<u>US Markets</u>			
Dow Jones	33,949.0	34,156.7	-0.6%
S&P500	4,117.9	4,164.0	-1.1%
Nasdaq	11,910.5	12,113.8	-1.7%
Russell 2000	1,942.6	1,972.6	-1.5%

<u>Asian & European Markets</u>			
Shanghai Composite	3,232.1	3,248.1	-0.5%
Nikkei	27,606.5	27,685.5	-0.3%
Hang Seng	21,283.5	21,298.7	-0.1%
FTSE 100	7,885.2	7,864.7	0.3%
DAX 30	15,412.1	15,320.9	0.6%
CAC 40	7,119.8	7,132.4	-0.2%

S&P500 Sectors	Close	Prior	% Δ
Information Technology	2,473.9	2,505.3	-1.3%
Utilities	341.8	347.8	-1.7%
Communication Services	186.7	194.7	-4.1%

Economic Releases	Time	F'cast	Prior
German Inflation Rate	18:00	8.9%	8.6%
US Initial Jobless Claims	0:30	190k	183k
US Continuing Jobless Claims	0:30	1.66m	1.66m

Key BW Names	Close	Prior	% Δ
Forbidden Foods	0.024	0.023	4.3%
Family Zone Cyber Security	0.250	0.240	4.2%
Jervois Mining	0.250	0.250	0.0%

Commodities	Close	Prior	% Δ
Oil - West Texas Crude	78.41	77.37	1.3%
Gold	1,876	1,872	0.2%
Gold (Aus)	2,709	2,690	0.7%
Silver	22.28	22.16	0.5%
Uranium (Spot)	50.50	50.75	-0.5%
Tin (Futures)	27,550	27,300	0.9%
Copper	4.04	4.07	-0.7%

Other Markets	Close	Prior	% Δ
DX Index	103.5	103.4	0.1%
AUD/USD	0.6924	0.6958	-0.5%
2-Year Treasury Yield (%)	4.433	4.475	-4 bp
10-Year Treasury Yield (%)	3.628	3.680	-5 bp
US 2-10-Year Spread	-0.805	-0.795	-1 bp
VIX Index	19.63	18.66	5.2%