

16 March 2023

Bond yields hammered at Credit Suisse rattles markets, futures -1.5%

- **Credit Suisse.** The major action overnight came once again from the banking sector, as the Saudi National Bank (Credit Suisse's top shareholder), stated it had no intention of giving the bank more money. This news saw the cost of insuring the bank against default over the coming year jump to 2728 basis points.
- **Equities.** As a result of the above, it was a frantic day for equities; beginning with pain in Europe (all major indices were off ~3-4%). US equities plunged -2% at the open, before rumours of SNB support for the bank prompted some buying. Ultimately, the small cap Russell 2000 was the day's biggest loser, falling -1.7%, while the Dow Jones and S&P500 lost -0.9% and -0.7% respectively. The Nasdaq traded marginally higher.
- **Yields collapse.** Once again, despite the gyrations in equities, all the major action was seen in bonds – with the 2-year yield collapsing 37bps over the day (10yr also fell 24bps) in a global risk-off event. The yield curve, which was >100bps inverted just a week ago, has now fallen to -43bps, while rate hike expectations across both the US and Europe have utterly collapsed (only a 25bp hike expected from the ECB tonight, for instance).
- **In other markets,** it was a bad evening of trade for **commodities**, with **oil** off >5%, **copper**, **uranium**, **tin** all lower and only **precious metals** showing any strength. Elsewhere, the **VIX Index** rose 10% and the **USD** was +1%.
- **Futures.** Following the broadly weak session of US equities, the ASX is set to slip at the open, with ASX futures down -115 points or -1.6% as of writing.
- **Economics.** Domestically, February employment statistics will be announced at 10:30am. Overseas, US Building Permits, ECB Interest Rate decision and an ECB press conference are all occurring after today's session.

World Indices	Close	Prior	% Δ
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Local Markets

All Ordinaries	7,263.1	7,201.1	0.9%
ASX 200	7,068.9	7,008.9	0.9%
ASX Emerging Companies	2,074.0	2,048.3	1.3%

US Markets

Dow Jones	31,874.6	32,155.4	-0.9%
S&P500	3,891.9	3,920.6	-0.7%
Nasdaq	11,434.1	11,428.2	0.1%
Russell 2000	1,745.9	1,776.9	-1.7%

Asian & European Markets

Shanghai Composite	3,263.3	3,245.3	0.6%
Nikkei	27,229.5	27,222.0	0.0%
Hang Seng	19,539.9	19,248.0	1.5%
FTSE 100	7,344.5	7,637.1	-3.8%
DAX 30	14,735.3	15,232.8	-3.3%
CAC 40	6,885.7	7,141.6	-3.6%

S&P500 Sectors	Close	Prior	% Δ
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Financials	520.3	537.2	-3.1%
Materials	475.8	491.9	-3.3%
Energy	588.2	621.9	-5.4%

Economic Releases	Time	F'cast	Prior
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Cons. Inflation Expectations	11:00		5.1%
Employment Change	11:30	49k	-11k
Unemployment Rate	11:30	3.6%	3.7%
US Building Permits	23:30	1.3m	1.3m
ECB Rate Decision	0:15	3.5%	3.0%
ECB Press Conference	0:45		

Key BW Names	Close	Prior	% Δ
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Frontier Energy	0.425	0.405	4.9%
Elementos	0.230	0.220	4.5%
Family Zone Cyber Security	0.180	0.180	0.0%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	67.61	71.50	-5.4%
Gold	1,920	1,904	0.8%
Gold (Aus)	2,901	2,848	1.8%
Silver	21.78	21.68	0.5%
Uranium (Spot)	50.00	50.38	-0.7%
Tin (Futures)	22,135	22,950	-3.6%
Copper	3.89	4.00	-3.0%

Other Markets	Close	Prior	% Δ
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DXY Index	104.7	103.7	1.0%
AUD/USD	0.6618	0.6684	-1.0%
2-Year Treasury Yield (%)	3.892	4.259	-37 bp
10-Year Treasury Yield (%)	3.462	3.699	-24 bp
US 2-10-Year Spread	-0.430	-0.560	13 bp
VIX Index	26.14	23.73	10.2%