

20 March 2023

UBS agrees to buy Credit Suisse as banking concerns spread

- **UBS to buy Credit Suisse.** The major news this morning is UBS's decision to buy Credit Suisse for ~US\$4.8bn in an attempt to avoid market turmoil. It will be an all-share deal, valued at just a fraction of Credit Suisse's closing price Friday, with the local government to backstop sizeable losses.
- **Markets on Friday night.** The final trading session of the week finished in the red, as all major indices lost over -0.7%. The small cap Russell 2000 was the biggest loser, falling -2.6% for the day, followed by the Dow Jones (-1.2%), S&P500 (-1.1%) and the Nasdaq (-0.7%). Elsewhere, European indices were also down while Asian indices gained value.
- **In other markets.** Commodities were broadly up on Friday despite **WTI Crude** slipping -2.4%, closing at ~\$66.7/bbl. The safehaven **gold** added +1.1% and **silver** +1.8%. Battery metals were also up, as **tin** jumped +1.9% and **copper** +0.3%. In the currency market, the USD depreciated against a basket of currencies, causing the DXY to fall -0.5%. Finally, the **VIX** spiked again, adding +11% on the day.
- **Yields.** A frantic week for yields came to a close in another day of large swings, with the short-end massively outperformed for the week and the day as the 2 year lost -28bps and the 10-year lost -15bps, flattening the 2-10-year curve to -41bps.
- **Futures.** Following the weak performance of US equities on Friday, the ASX is set to fall at the open, with ASX Futures down -98 points or -1.4% as of writing.
- **This week in economics.** It will be a busy week for economics, as numerous economic releases could have material impacts on markets. Today, the ECB President Lagarde is speaking twice. For the rest of the week, Canada and UK inflation figures, US and UK interest rate decision and US durable goods orders are all set to be announced.

World Indices	Close	Prior	% Δ
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Local Markets

All Ordinaries	7,188.2	7,152.7	0.5%
ASX 200	6,994.8	6,965.5	0.4%
ASX Emerging Companies	2,059.3	2,027.2	1.6%

US Markets

Dow Jones	31,862.0	32,246.6	-1.2%
S&P500	3,916.6	3,960.3	-1.1%
Nasdaq	11,630.5	11,717.3	-0.7%
Russell 2000	1,725.9	1,771.2	-2.6%

Asian & European Markets

Shanghai Composite	3,250.6	3,226.9	0.7%
Nikkei	27,333.8	27,010.6	1.2%
Hang Seng	19,518.6	19,203.9	1.6%
FTSE 100	7,335.4	7,410.0	-1.0%
DAX 30	14,768.2	14,967.1	-1.3%
CAC 40	6,925.4	7,025.7	-1.4%

S&P500 Sectors	Close	Prior	% Δ
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Industrials	815.0	828.5	-1.6%
Real Estate	226.4	231.6	-2.3%
Financials	513.0	530.5	-3.3%

Economic Releases	Time	F'cast	Prior
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ECB's Lagarde Speaks x 2	Various		
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Key BW Names	Close	Prior	% Δ
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Alderaan Resources	0.008	0.007	14.3%
Frontier Energy	0.430	0.410	4.9%
Selfwealth	0.175	0.175	0.0%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	66.74	68.35	-2.4%
Gold	2,010	1,989	1.1%
Gold (Aus)	2,992	2,987	0.2%
Silver	22.60	22.21	1.8%
Uranium (Spot)	49.75	50.00	-0.5%
Tin (Futures)	22,650	22,218	1.9%
Copper	3.90	3.89	0.3%

Other Markets	Close	Prior	% Δ
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DXY Index	103.9	104.4	-0.5%
AUD/USD	0.6718	0.6658	0.9%
2-Year Treasury Yield (%)	3.846	4.130	-28 bp
10-Year Treasury Yield (%)	3.438	3.583	-15 bp
US 2-10-Year Spread	-0.408	-0.547	14 bp
VIX Index	25.51	22.99	11.0%