

23 February 2023

Markets end ~flat overnight, FOMC minutes released, futures -0.3%

- **Global markets.** Despite US indices all closing ~flat overnight, the session itself brought some volatility with markets initially opening higher, quickly moving into the red, recovering throughout the remainder of the session, then selling off by ~1% in the final few hours of trading as FOMC minutes were released, then reversing for a fifth time to ultimately end the day ~unchanged. The Dow Jones (-0.3%) was the day's laggard. In Europe indices were similarly flat.
- **FOMC minutes.** The release of FOMC minutes this morning brought notable selling, on the key passage "participants noted that it was important that overall financial conditions be consistent with the degree of policy restraint that the Committee is putting into place" – suggesting members are not entirely happy with recent market strength (ie. financial conditions have notably eased in 2023).
- **Terminal rate expectations keep rising.** Heading into the Fed minutes, terminal rate expectations had been easing slightly but ultimately popped to 5.37%. **Treasury** yields elsewhere were lower, by ~4bps for both the 2 & 10-year. The yield curve is still heavily inverted at ~78bps.
- **In other markets,** the price of **oil** continued to move lower – and has done ever since Biden announced more SPR selling – with **WTI crude** off 3%. Other **commodities** were also broadly weak, with **copper, tin, gold** and **silver** all closing lower. Elsewhere, the **VIX Index** moved 2% lower after hitting an intraday high of >23 shortly after the market open.
- **Futures lower.** Given the poor lead from Wall Street it appears local stocks will open lower when trading commences this morning – with ASX futures down by 20 points, or ~0.3% at the time of writing.
- **In economics,** today will see a 2nd read of US GDP for Q4, Eurozone core inflation (5.2% expected), US weekly jobless claims and speeches by two separate Fed speakers, being Williams and Bostic.

World Indices	Close	Prior	% Δ
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Local Markets

All Ordinaries	7,517.0	7,544.6	-0.4%
ASX 200	7,314.5	7,336.3	-0.3%
ASX Emerging Companies	2,164.2	2,182.4	-0.8%

US Markets

Dow Jones	33,045.1	33,129.6	-0.3%
S&P500	3,991.1	3,997.3	-0.2%
Nasdaq	11,507.1	11,492.3	0.1%
Russell 2000	1,890.1	1,888.2	0.1%

Asian & European Markets

Shanghai Composite	3,291.2	3,306.5	-0.5%
Nikkei	27,104.3	27,473.1	-1.3%
Hang Seng	20,423.8	20,529.5	-0.5%
FTSE 100	7,930.6	7,977.8	-0.6%
DAX 30	15,399.9	15,397.6	0.0%
CAC 40	7,299.3	7,308.7	-0.1%

S&P500 Sectors	Close	Prior	% Δ
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Materials	507.1	503.7	0.7%
Energy	637.3	642.2	-0.8%
Real Estate	241.6	244.0	-1.0%

Economic Releases	Time	F'cast	Prior
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Eurozone Core Inflation	21:00	5.2%	5.2%
US GDP	0:30	2.9%	3.2%
Weekly Jobless Claims	0:30		
2 x Fed Speakers	Various		

Key BW Names	Close	Prior	% Δ
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Forbidden Foods	0.024	0.023	4.3%
Family Zone Cyber Security	0.215	0.210	2.4%
Frontier Energy	0.435	0.430	1.2%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	73.91	76.16	-3.0%
Gold	1,825	1,835	-0.5%
Gold (Aus)	2,682	2,676	0.2%
Silver	21.50	21.84	-1.6%
Uranium (Spot)	51.75	51.75	0.0%
Tin (Futures)	26,925	27,525	-2.2%
Copper	4.18	4.22	-0.9%

Other Markets	Close	Prior	% Δ
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DXY Index	104.6	104.2	0.3%
AUD/USD	0.6806	0.6856	-0.7%
2-Year Treasury Yield (%)	4.691	4.731	-4 bp
10-Year Treasury Yield (%)	3.916	3.956	-4 bp
US 2-10-Year Spread	-0.775	-0.775	0 bp
VIX Index	22.49	22.87	-1.7%