

28 February 2023

Yields move lower, supporting stocks – Aus retail sales at 11:30am

- **Global markets.** It was a mixed overnight session with US stocks initially opening sharply higher (the S&P500 was up >1% in early trade), before trending down through the entire second half of the session and ultimately closing marginally higher. The day was led by the tech-heavy Nasdaq (+0.6%), with all other indices in a range of +0.2-0.3%. In Europe it was a stronger session (as markets closed ahead of the US selling), with all markets ahead by ~1%.
- **From a sector perspective,** 7 of the S&P's 11 sub-sectors closed in the green, led by **Consumer Discretionary** (+1.2%) and **Industrials** (+0.8%). At the other end of the spectrum, **Utilities** (-0.8%) were soft. Major individual moves included a ~10% spike in shares of **Union Pacific** as CEO Lance Fritz was forced to step down under mounting pressure from shareholders.
- **In other markets,** the **USD** gave back some of its recent gains, off 0.6% for the day, although this did little for **commodities**, with **oil** lower, **gold** and **silver** flat and **tin** and **uranium** lower. **Copper** was an outlier – rising by >1% for the day. Elsewhere, **yields** were lower along the curve (by ~2-3bps) and the **VIX Index** fell 3% on account of the day's modest volatility.
- **Futures higher.** Despite the lacklustre lead from Wall Street, it appears local stocks will open higher when trading commences this morning – with ASX futures currently ahead by 34 points, or ~0.5% at the time of writing.
- **In economics,** today will see two major releases out domestically, being housing credit and retail sales (both at 11:30am). Retail sales in particular will be closely watched, given stronger-than-expected prints in recent months, with consumers refusing to take their medicine under mounting pressure from mortgage rate increases. The RBA is due to meet again early next week and the outcome will of course play into the bank's decision and commentary.

World Indices	Close	Prior	% Δ
<u>Local Markets</u>			
All Ordinaries	7,419.6	7,512.7	-1.2%
ASX 200	7,224.8	7,307.0	-1.1%
ASX Emerging Companies	2,126.8	2,168.6	-1.9%

<u>US Markets</u>			
Dow Jones	32,889.1	32,816.9	0.2%
S&P500	3,982.2	3,970.0	0.3%
Nasdaq	11,467.0	11,394.9	0.6%
Russell 2000	1,896.3	1,890.5	0.3%

<u>Asian & European Markets</u>			
Shanghai Composite	3,258.0	3,267.2	-0.3%
Nikkei	27,424.0	27,453.5	-0.1%
Hang Seng	19,943.5	20,010.0	-0.3%
FTSE 100	7,935.1	7,878.7	0.7%
DAX 30	15,381.4	15,209.7	1.1%
CAC 40	7,295.6	7,187.3	1.5%

S&P500 Sectors	Close	Prior	% Δ
Consumer Discretionary	1,130.6	1,117.5	1.2%
Industrials	854.1	847.0	0.8%
Utilities	334.6	337.2	-0.8%

Economic Releases	Time	F'cast	Prior
Housing Credit	11:30		0.3%
Retail Sales	11:30	1.5%	-3.9%
US CB Consumer Confidence	2:00	108.5	107.1

Key BW Names	Close	Prior	% Δ
BetMakers Tech. Group	0.205	0.185	10.8%
Frontier Energy	0.415	0.415	0.0%
Elementos	0.270	0.270	0.0%

Commodities	Close	Prior	% Δ
Oil - West Texas Crude	75.78	76.32	-0.7%
Gold	1,817	1,818	0.0%
Gold (Aus)	2,697	2,700	-0.1%
Silver	20.61	20.76	-0.7%
Uranium (Spot)	51.00	51.50	-1.0%
Tin (Futures)	25,460	25,630	-0.7%
Copper	4.00	3.95	1.3%

Other Markets	Close	Prior	% Δ
DXY Index	104.7	105.3	-0.6%
AUD/USD	0.6739	0.6733	0.1%
2-Year Treasury Yield (%)	4.784	4.814	-3 bp
10-Year Treasury Yield (%)	3.928	3.947	-2 bp
US 2-10-Year Spread	-0.856	-0.867	1 bp
VIX Index	20.95	21.67	-3.3%