

3 March 2023

US stocks strong overnight, despite a relentless move higher in yields

- Global markets.** It was a volatile night of trading for markets, with stocks opening sharply lower before creeping higher through the middle of the session and ultimately ripping into the final hour on dovish commentary from the Fed's Raphael Bostic. For the day, the Dow led the pace (+1.0%), while the S&P (+0.8%) and Nasdaq (+0.7%) were similarly strong. In Europe, markets were also broadly higher.
- Economics.** The three major events overnight which shaped markets were (1) **European core inflation** – which printed 5.6% YoY (above expectations and up MoM), (2) **weekly jobless claims** – likewise were stronger-than-expected, and (3) a speech from the **Fed's Bostic**, which reversed the stock weakness caused by the former two events, as he noted the "Fed could be in a position to pause by mid to late summer".
- In company news,** shares of **Salesforce** (+12%) ripped as the company doubled its buyback to \$20bn and laid off 8k employees, while **Tesla** (-6%) was at the other end of the spectrum as its Investor Day failed to impress in the session prior.
- Yields higher.** The session's stock strength came despite a relentless move higher in yields, with the 10-year adding 7bps to finish the day at 4.07%. The 2-year was also slightly higher, at 4.90% (another fresh cycle high). The yield curve remains heavily inverted, yet backed-off from its recent depths and now sits at -82bps.
- In other markets,** the **USD** was strong, up 0.6% against a basket of major currencies. This in-turn weighed on **base metal** prices, which came under pressure– **tin** and **copper** each lost ~2%. Elsewhere **gold** was flat, **silver** was weak, **oil** rose 0.3% and the **VIX Index** fell 5% on account of the day's late-day rally in stocks.
- Futures higher.** It appears stocks will open sharply higher when trading commences this morning – with ASX futures currently up by 28 points, or ~0.4%

World Indices	Close	Prior	% Δ
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Local Markets

All Ordinaries	7,460.0	7,456.1	0.1%
ASX 200	7,255.4	7,251.4	0.1%
ASX Emerging Companies	2,146.5	2,165.4	-0.9%

US Markets

Dow Jones	33,003.6	32,661.8	1.0%
S&P500	3,981.4	3,951.4	0.8%
Nasdaq	11,463.0	11,379.5	0.7%
Russell 2000	1,902.7	1,898.4	0.2%

Asian & European Markets

Shanghai Composite	3,310.7	3,312.4	-0.1%
Nikkei	27,498.9	27,516.5	-0.1%
Hang Seng	20,429.5	20,619.7	-0.9%
FTSE 100	7,944.0	7,914.9	0.4%
DAX 30	15,327.6	15,305.0	0.1%
CAC 40	7,284.2	7,234.3	0.7%

S&P500 Sectors	Close	Prior	% Δ
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Utilities	329.1	323.2	1.8%
Information Technology	2,390.7	2,360.9	1.3%
Real Estate	239.1	236.2	1.2%

Economic Releases	Time	F'cast	Prior
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Judo Bank Services PMI	9:00		48.6
Home Lending	11:30	-3.5%	-4.2%
Investment Lending	11:30		-4.4%
Global PMIs	Various		
ISM Non-Manufacturing PMI	2:00	54.5	55.2
4 x Fed Speakers	Various		

Key BW Names	Close	Prior	% Δ
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Family Zone Cyber Security	0.205	0.165	24.2%
Lotus Resources	0.220	0.210	4.8%
Frontier Energy	0.410	0.400	2.5%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	77.98	77.75	0.3%
Gold	1,836	1,837	0.0%
Gold (Aus)	2,729	2,715	0.5%
Silver	20.90	21.00	-0.5%
Uranium (Spot)	50.50	50.88	-0.7%
Tin (Futures)	24,645	25,300	-2.6%
Copper	4.07	4.17	-2.3%

Other Markets	Close	Prior	% Δ
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DXY Index	105.0	104.4	0.6%
AUD/USD	0.6730	0.6765	-0.5%
2-Year Treasury Yield (%)	4.893	4.878	1 bp
10-Year Treasury Yield (%)	4.069	3.996	7 bp
US 2-10-Year Spread	-0.824	-0.882	6 bp
VIX Index	19.57	20.58	-4.9%