

7 March 2023

US stocks flat ahead of Powell tonight. RBA on deck, +25bp expected

- **Global markets.** It was a volatile, yet ultimately static overnight session for global equity markets as stocks traded higher for most of the day, before collapsing in the final hours of trade to end ~flat. The three major indices closed in a range of + / - 1%, while the small cap Russell was a notable underperformer, off 1.5% for the day – its largest one-day underperformance since late-2021.
- **From a company perspective,** it was the mega-cap tech names which led the market (and offset weakness amongst other constituents), with **Meta** (+6%), **Tesla** (+4%), **Apple** (+4%) and **Amazon** (+3%) all particularly strong. At the other end of the spectrum, old-world names such as **Costco** (-2%) and **Union Pacific** (-1%) lagged.
- **Bonds,** much like stocks, had a volatile session with yields initially trading lower before rallying in the back-half of the session to see all **Treasury** maturities higher on the day. The 2-year added 3bps, while the 10-year rose 2bp and flirted once again with 4% (ending at 3.98%). The yield curve (2s10s) hit a new cycle low of -91bps.
- **In other markets,** it was a disappointing night for **commodities**, with the **Materials** (-1.7%) sector worst of the S&P sub-sectors. **Gold, copper** and **tin** all lost ground, while **spot uranium** was higher (albeit stocks were sold-off). Elsewhere, the price of **oil** rose through US\$80/bbl (a 3-week high), the **DX** was off just -0.2% and the **VIX Index** was essentially unchanged.
- **Futures lower, RBA on deck.** It appears local stocks will open lower when trading commences this morning – with ASX futures currently off by 12 points, or ~0.2% at the time of writing. While in economic news, today will be all about the **RBA's rate decision** for February, with virtually all polled economists expecting a 25bp rise (with just one expecting 15bp). **Fed Chair Powell** also speaks early tomorrow morning.

World Indices	Close	Prior	% Δ
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Local Markets

All Ordinaries	7,525.7	7,484.0	0.6%
ASX 200	7,328.6	7,283.6	0.6%
ASX Emerging Companies	2,139.4	2,137.6	0.1%

US Markets

Dow Jones	33,431.4	33,391.0	0.1%
S&P500	4,048.4	4,045.6	0.1%
Nasdaq	11,675.7	11,689.0	-0.1%
Russell 2000	1,899.2	1,928.3	-1.5%

Asian & European Markets

Shanghai Composite	3,322.0	3,328.4	-0.2%
Nikkei	28,237.8	27,927.5	1.1%
Hang Seng	20,603.2	20,567.5	0.2%
FTSE 100	7,929.8	7,947.1	-0.2%
DAX 30	15,653.6	15,578.4	0.5%
CAC 40	7,373.2	7,348.1	0.3%

S&P500 Sectors	Close	Prior	% Δ
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Information Technology	2,454.9	2,441.8	0.5%
Consumer Discretionary	1,127.5	1,135.5	-0.7%
Materials	523.1	531.9	-1.7%

Economic Releases	Time	F'cast	Prior
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Balance of Trade	11:30	A\$12.5b	A\$12.2b
RBA Rate Decision	14:30	3.60%	3.35%
Fed Chair Powell Testimony	2:00		

Key BW Names	Close	Prior	% Δ
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Frontier Energy	0.440	0.400	10.0%
Jervois Mining	0.185	0.180	2.8%
Family Zone Cyber Security	0.210	0.205	2.4%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	80.59	79.68	1.1%
Gold	1,846	1,859	-0.7%
Gold (Aus)	2,743	2,750	-0.3%
Silver	21.03	21.27	-1.1%
Uranium (Spot)	50.63	50.50	0.2%
Tin (Futures)	24,545	24,750	-0.8%
Copper	4.07	4.07	0.1%

Other Markets	Close	Prior	% Δ
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DX Index	104.3	104.5	-0.2%
AUD/USD	0.6731	0.6761	-0.4%
2-Year Treasury Yield (%)	4.888	4.861	3 bp
10-Year Treasury Yield (%)	3.975	3.958	2 bp
US 2-10-Year Spread	-0.913	-0.903	-1 bp
VIX Index	18.65	18.49	0.9%