

19 May 2023

## Tech (+2%) drives the market higher overnight, yields keep rising

- **Global markets.** US stocks continued their melt-up overnight, with the Nasdaq adding another 1.5%, led by the likes of **Nvidia** (+5%) as AI-cost-cutting-euphoria is placing a bid under tech. Elsewhere, the S&P 500 added 0.9%, the Russell 0.6% and Dow 0.3%. In Europe, stocks were higher in a range of 0.2%-1.3%.
- **Tech rallies.** As above, the overnight gains were very much tech-led, with **Information Technology** (+2.1%) and **Communication Services** (1.8%) the two best performing sub-sectors. **Alphabet, Apple, Amazon, Meta** and **Tesla** all added 1-2%, while **Netflix** rose 9% as its ad-supported subscribers hit 5 million.
- **Yields higher...** The moves in tech came despite another hawkish move higher in yields overnight, with the 2-year +9bps to 4.26%; its highest level in over a month, and ~0.6% off its recent lows. The 10-year was 8bps higher and the yield curve slightly more inverted at -61bps (vs -60bp yesterday).
- **...on hawkish Fed speak.** The bond sell-off came after hawkish comments were made by several Fed members – implying another rate hike may be on the table in June. **Logan** who stated “we haven’t yet made the progress we need... it’s a long way from here to 2% inflation”, while Jefferson likewise said “we have not yet made sufficient progress”. Bullard was most-hawkish of all with comments that “it may warrant taking out some insurance by raising rates somewhat more”.
- **In other markets,** the **USD** was +1%, this weighed on **commodities** with **oil, gold, silver** and **copper** all off ~1%. The price of **tin** and **uranium** were both up and the **VIX Index** fell 5% to a level of just ~16.
- **Futures higher.** Given the strong lead from Wall Street, it appears local stocks will open higher when trading commences this morning – with ASX futures +17bps at the time of writing. The key economic event today will be a speech by Fed Chair Powell.

World Indices	Close	Prior	% Δ
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### Local Markets

All Ordinaries	7,427.0	7,389.3	0.5%
ASX 200	7,236.8	7,199.2	0.5%
ASX Emerging Companies	2,079.5	2,066.8	0.6%

### US Markets

Dow Jones	33,535.9	33,420.8	0.3%
S&P500	4,198.1	4,158.8	0.9%
Nasdaq	12,688.8	12,500.6	1.5%
Russell 2000	1,784.9	1,774.5	0.6%

### Asian & European Markets

Shanghai Composite	3,297.3	3,284.2	0.4%
Nikkei	30,573.9	30,093.6	1.6%
Hang Seng	19,727.3	19,560.6	0.9%
FTSE 100	7,742.3	7,723.2	0.2%
DAX 30	16,163.4	15,951.3	1.3%
CAC 40	7,446.9	7,399.4	0.6%

S&P500 Sectors	Close	Prior	% Δ
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Information Technology	2,771.4	2,715.4	2.1%
Communication Services	209.4	205.8	1.8%
Consumer Discretionary	1,195.8	1,177.6	1.5%

Economic Releases	Time	F'cast	Prior
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Japan Inflation	9:30	2.5%	3.2%
Fed Chair Powell Speaks	1:00		
ECB President Lagarde Speaks	5:00		

Key BW Names	Close	Prior	% Δ
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Prospect Ltd	0.039	0.035	11.4%
Jervois Mining	0.098	0.092	6.5%
Lotus Resources	0.193	0.185	4.1%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	72.06	72.72	-0.9%
Gold	1,958	1,983	-1.2%
Gold (Aus)	2,953	2,977	-0.8%
Silver	23.52	23.75	-1.0%
Uranium (Spot)	53.75	53.63	0.2%
Tin (Futures)	25,010	24,855	0.6%
Copper	3.70	3.75	-1.4%

Other Markets	Close	Prior	% Δ
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DX Index	103.5	102.9	0.6%
AUD/USD	0.6631	0.6662	-0.5%
2-Year Treasury Yield (%)	4.260	4.169	9 bp
10-Year Treasury Yield (%)	3.651	3.569	8 bp
US 2-10-Year Spread	-0.609	-0.600	-1 bp
VIX Index	16.05	16.87	-4.9%