

22 May 2023

## Futures -0.2% following poor US lead, yields keep grinding higher

- Futures -0.2%.** Following a lacklustre lead from US equities on Friday, the ASX looks set to slide at the open, with ASX futures down -11 points or -0.15% as of writing. There will be little in the way of major economic news today, with 3 Fed speakers being the highlight.
- This week in economics.** Over the balance of the week key releases which may have an impact on financial markets include: UK inflation data (Tues), FOMC minutes (Wed), the US PCE Price Index and Durable Goods orders (Thurs) amongst others.
- Global markets on Friday.** On Friday all major US indices were sold, despite being up for the week. It was the small cap Russell 2000 that lost the most value falling -0.6%. Followed by the Dow Jones (-0.3%), the Nasdaq (-0.2%) and the S&P (-0.1%). For the week, the Nasdaq was the best performer, gaining +2.9%. Elsewhere, European indices were up, whilst Asian indices had a mixed performance. Notably the Nikkei (+0.8%) closed at its highest level since 1990.
- Yields continue moving higher.** It was a relatively quiet day for US Treasuries as yields extended a week long advance. The 2-Year added +2bps and the 10-Year added +3bps, resulting in a +1 change in the 2-10-Year spread, which now sits at -60 bps. Markets are once again starting to price in a small probability of a hike at the Fed's June meeting.
- In other markets, WTI Crude** fell -0.5% closing at ~\$71.7/bbl. Precious metals were up for the day, seeing **gold** and **silver** adding 1.1% and 1.5% respectively. **Uranium** remained unchanged while **tin** added 1.8%. In the currency market, the USD depreciated against a basket of currencies, causing the **DX** to lose -0.3%. Finally, the **VIX** added +4.7% closing at a level of ~16.8.

| World Indices | Close | Prior | % Δ |
|---------------|-------|-------|-----|
|---------------|-------|-------|-----|

| Local Markets |  |  |  |
|---------------|--|--|--|
|---------------|--|--|--|

|                        |         |         |      |
|------------------------|---------|---------|------|
| All Ordinaries         | 7,471.5 | 7,427.0 | 0.6% |
| ASX 200                | 7,279.5 | 7,236.8 | 0.6% |
| ASX Emerging Companies | 2,097.3 | 2,079.5 | 0.9% |

| US Markets |  |  |  |
|------------|--|--|--|
|------------|--|--|--|

|              |          |          |       |
|--------------|----------|----------|-------|
| Dow Jones    | 33,426.6 | 33,535.9 | -0.3% |
| S&P500       | 4,192.0  | 4,198.1  | -0.1% |
| Nasdaq       | 12,657.9 | 12,688.8 | -0.2% |
| Russell 2000 | 1,773.7  | 1,784.9  | -0.6% |

| Asian & European Markets |  |  |  |
|--------------------------|--|--|--|
|--------------------------|--|--|--|

|                    |          |          |       |
|--------------------|----------|----------|-------|
| Shanghai Composite | 3,283.5  | 3,297.3  | -0.4% |
| Nikkei             | 30,808.4 | 30,573.9 | 0.8%  |
| Hang Seng          | 19,450.6 | 19,727.3 | -1.4% |
| FTSE 100           | 7,756.9  | 7,742.3  | 0.2%  |
| DAX 30             | 16,275.4 | 16,163.4 | 0.7%  |
| CAC 40             | 7,492.0  | 7,446.9  | 0.6%  |

| S&P500 Sectors | Close | Prior | % Δ |
|----------------|-------|-------|-----|
|----------------|-------|-------|-----|

|                        |         |         |       |
|------------------------|---------|---------|-------|
| Energy                 | 609.3   | 604.9   | 0.7%  |
| Communication Services | 208.4   | 209.4   | -0.5% |
| Consumer Discretionary | 1,185.7 | 1,195.8 | -0.8% |

| Economic Releases | Time | F'cast | Prior |
|-------------------|------|--------|-------|
|-------------------|------|--------|-------|

|                  |         |  |  |
|------------------|---------|--|--|
| 3 x Fed Speakers | Various |  |  |
|------------------|---------|--|--|

| Key BW Names | Close | Prior | % Δ |
|--------------|-------|-------|-----|
|--------------|-------|-------|-----|

|                 |       |       |      |
|-----------------|-------|-------|------|
| Syrah Resources | 0.980 | 0.935 | 4.8% |
| Hydralyte       | 0.067 | 0.066 | 1.5% |
| Selfwealth      | 0.170 | 0.170 | 0.0% |

| Commodities | Close | Prior | % Δ |
|-------------|-------|-------|-----|
|-------------|-------|-------|-----|

|                        |        |        |       |
|------------------------|--------|--------|-------|
| Oil - West Texas Crude | 71.69  | 72.06  | -0.5% |
| Gold                   | 1,981  | 1,958  | 1.1%  |
| Gold (Aus)             | 2,977  | 2,953  | 0.8%  |
| Silver                 | 23.88  | 23.52  | 1.5%  |
| Uranium (Spot)         | 53.75  | 53.75  | 0.0%  |
| Tin (Futures)          | 25,451 | 25,010 | 1.8%  |
| Copper                 | 3.73   | 3.70   | 0.9%  |

| Other Markets | Close | Prior | % Δ |
|---------------|-------|-------|-----|
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|                            |        |        |       |
|----------------------------|--------|--------|-------|
| DX Index                   | 103.2  | 103.5  | -0.3% |
| AUD/USD                    | 0.6654 | 0.6631 | 0.3%  |
| 2-Year Treasury Yield (%)  | 4.279  | 4.260  | 2 bp  |
| 10-Year Treasury Yield (%) | 3.682  | 3.651  | 3 bp  |
| US 2-10-Year Spread        | -0.597 | -0.609 | 1 bp  |
| VIX Index                  | 16.81  | 16.05  | 4.7%  |