

23 May 2023

Futures flat, tech and small caps stronger overnight, PMIs on deck

- **Global markets.** It was another solid night for US equities, with the Nasdaq +0.5% and the Russell adding 1.2% (the S&P was flat and Dow lower). The day's gains were supported by **regional bank** gains with the **KRE Index** +3% as **Pacwest** added ~20% after announcing a deal to offload some of its real estate construction loans. Over in Europe, stocks ended mixed in a range of +/- 0.3%.
- **Fed sends mixed signals.** There was something for both the doves and hawks overnight, with Neal Kashkari calling for the potential "to skip" a rate hike in June – although was quick to note this shouldn't be seen as a pause. While Jim Bullard said it would be reasonable to expect a 'grind higher with the policy rate" from here.
- **Yields keep grinding.** Driven largely by the above commentary, yields moved higher again overnight in what is now a >70bp move in the 2-year over just the past few weeks. For the session, the 2-year added 4bps (as did the 10-year), to close at 4.32%. The 2-10-year yield curve remains heavily inverted at -60bps.
- **In other markets,** the **USD** was ~flat against other major currencies, **commodities** on the whole were quite weak – **oil, gold, silver, tin, copper** all lower. The **VIX** rose 2%, despite what could be considered a relatively benign night of equity moves and the **spot uranium** price was unchanged.
- **Futures ~flat.** Given the lack of a clear direction from the US overnight, it appears local stocks will open broadly unchanged when trading commences this morning – with ASX futures currently up by just 5bps or <0.1%.
- **In economics,** today will be all about PMI data, with local PMIs out early this morning, followed by releases from France, Germany, UK, the Eurozone more-broadly and the US.

World Indices	Close	Prior	% Δ
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Local Markets

All Ordinaries	7,450.7	7,471.5	-0.3%
ASX 200	7,263.3	7,279.5	-0.2%
ASX Emerging Companies	2,071.9	2,097.3	-1.2%

US Markets

Dow Jones	33,286.6	33,426.6	-0.4%
S&P500	4,192.6	4,192.0	0.0%
Nasdaq	12,720.8	12,657.9	0.5%
Russell 2000	1,795.4	1,773.7	1.2%

Asian & European Markets

Shanghai Composite	3,296.5	3,283.5	0.4%
Nikkei	31,086.8	30,808.4	0.9%
Hang Seng	19,678.2	19,450.6	1.2%
FTSE 100	7,771.0	7,756.9	0.2%
DAX 30	16,224.0	16,275.4	-0.3%
CAC 40	7,478.2	7,492.0	-0.2%

S&P500 Sectors	Close	Prior	% Δ
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Communication Services	210.8	208.4	1.2%
Real Estate	228.4	226.9	0.7%
Consumer Staples	778.6	790.2	-1.5%

Economic Releases	Time	F'cast	Prior
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Aus Manufacturing PMI	9:00		48.0
Aus Services PMI	9:00		53.7
Global PMIs	Various		

Key BW Names	Close	Prior	% Δ
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Qoria Ltd	0.180	0.170	5.9%
Elementos	0.150	0.145	3.4%
Prospect Ltd	0.038	0.038	0.0%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	71.99	71.69	0.4%
Gold	1,972	1,981	-0.5%
Gold (Aus)	2,964	2,977	-0.4%
Silver	23.63	23.88	-1.0%
Uranium (Spot)	53.75	53.75	0.0%
Tin (Futures)	24,950	25,451	-2.0%
Copper	3.68	3.73	-1.4%

Other Markets	Close	Prior	% Δ
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DXY Index	103.2	103.2	0.1%
AUD/USD	0.6652	0.6654	0.0%
2-Year Treasury Yield (%)	4.320	4.279	4 bp
10-Year Treasury Yield (%)	3.719	3.682	4 bp
US 2-10-Year Spread	-0.601	-0.597	0 bp
VIX Index	17.21	16.81	2.4%