

26 May 2023

Indices up overnight on Nvidia strength (+24%), yields sharply higher

- **Global markets.** On the surface, it was a strong night for global stocks – with the Nasdaq rallying 1.7% and the S&P 500 rising nearly 1%. However, under the hood; virtually all of this was driven by **Nvidia**, which reported blockbuster results in the prior session, rose 24% (the largest single-day market cap gain in US equity market history) and pushed the **Information Technology** sub-sector up 4.4%. Ignoring this result, only 5 of the S&P's 11 sub-sectors were green, with the likes of **Energy**, **Utilities** and **Healthcare** all off by >1%.
- **In economics**, better-than-expected weekly jobless claims continued to push the narrative that all is fine in the US employment market and perhaps, more will need to be done by the Fed to slow the economy. This saw another rate hike priced in for July and the short-end of the **yield curve** rise sharply – the 2-year yield was +16bps overnight, while the 10-year was also higher, by 7bps. The 2-10 curve remains deeply inverted at -71bps and is now at the most extreme levels since pre-SVB.
- **In other markets**, the **DX** rose for the 9th day of the past 11 as yields continued to rally off their recent lows (the 2-year is nearly ~1% higher than a month ago), while the **AUD** flirted with a level of \$0.65, down by another ~1% overnight. Elsewhere, **commodities** were extremely weak, with **oil** off 3%, **gold** and **silver** down >1%, **uranium** ETFs losing >2% and only **tin** and **copper** managing to grind higher. Finally, the **VIX Index** fell 4% on account of the day's US equity market strength.
- **Futures flat.** Despite the solid lead from Wall Street, it appears local stocks will open essentially flat when trading commences this morning – with ASX futures currently off by just 6pts, or <0.1%.
- **In economics**, today's major local news will be the release of retail sales at 11:30am, while overseas US PCE figures are out, durable goods orders will also be released, as will Michigan consumer sentiment readings, early tomorrow morning.

World Indices	Close	Prior	% Δ
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Local Markets

All Ordinaries	7,316.7	7,392.9	-1.0%
ASX 200	7,138.2	7,213.8	-1.0%
ASX Emerging Companies	2,017.2	2,036.6	-1.0%

US Markets

Dow Jones	32,764.7	32,799.9	-0.1%
S&P500	4,151.3	4,115.2	0.9%
Nasdaq	12,698.1	12,484.2	1.7%
Russell 2000	1,754.6	1,767.0	-0.7%

Asian & European Markets

Shanghai Composite	3,201.3	3,204.8	-0.1%
Nikkei	30,801.1	30,682.7	0.4%
Hang Seng	18,746.9	19,115.9	-1.9%
FTSE 100	7,570.9	7,627.1	-0.7%
DAX 30	15,793.8	15,842.1	-0.3%
CAC 40	7,229.3	7,253.5	-0.3%

S&P500 Sectors	Close	Prior	% Δ
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Information Technology	2,834.1	2,713.4	4.4%
Utilities	326.5	331.0	-1.4%
Energy	604.8	616.4	-1.9%

Economic Releases	Time	F'cast	Prior
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Aus Retail Sales	11:30	0.2%	0.4%
US Core PCE	22:30	4.6%	4.6%
US Durable Goods	22:30	-1.0%	3.2%
Michigan Cons. Sentiment	0:00	57.7	63.5

Key BW Names	Close	Prior	% Δ
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Meteoric Resources	0.220	0.195	12.8%
Qoria	0.170	0.160	6.3%
Ras Technologies	0.545	0.520	4.8%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	71.89	74.15	-3.0%
Gold	1,942	1,961	-1.0%
Gold (Aus)	2,985	2,995	-0.4%
Silver	22.72	23.07	-1.5%
Uranium (Spot)	54.38	54.00	0.7%
Tin (Futures)	24,600	24,040	2.3%
Copper	3.60	3.57	0.9%

Other Markets	Close	Prior	% Δ
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DX Index	104.2	103.9	0.3%
AUD/USD	0.6506	0.6547	-0.6%
2-Year Treasury Yield (%)	4.537	4.381	16 bp
10-Year Treasury Yield (%)	3.823	3.750	7 bp
US 2-10-Year Spread	-0.714	-0.631	-8 bp
VIX Index	19.14	20.03	-4.4%