

31 May 2023

AI-related names strong again overnight, breadth weak, CPI at 11:30am

- **Global markets.** On the surface, it was a modest night's performance for US equities, with all major indices closing in a range of just +/- 0.3%. However, sector performance was quite disparate, with AI-related names rallying again (discussed below). In Europe, markets closed sharply lower – with the FTSE -1.4% and CAC -1.3% leading the declines.
- **AI drives gains.** As above, market breadth remains extremely weak (S&P equal weighted performance is flat YTD vs Nasdaq +25%). However, anything AI related continues to be bid, with **Nvidia** +3% again overnight, trading as high as \$419/Sh and briefly crossing a \$1tr valuation. Elsewhere, **Palantir** +8%, **Intel** +3%, **C3** +33% were all notably strong on the AI theme.
- **In other markets,** the **USD** was slightly lower vs a basket of currencies (-0.2%), while Treasuries were bid (particularly at the short-end), with 2-year yields falling 11bps, to close at 4.46%. **Commodities** were mixed, as **oil** was extremely weak – down 5% and back below US\$70/bbl – while **gold, silver** and **tin** all had solid says. Finally, the **VIX Index** was unchanged for the session.
- **Economics.** It will be a busy day of economic data with construction work done, local housing credit and the monthly CPI reading due at 11:30am – the latter of which is expected to tick up, to 6.4% from 6.3% last month. Chinese PMIs will also be out just before midday, while inflation reports are due from Germany, Italy and France, employment figures are also out in Germany. Finally, Christine Lagarde will speak, as will three separate Fed members.
- **Futures -0.5%.** Despite the solid lead from Wall Street, it appears local stocks will once again open lower when trading commences this morning - with ASX futures currently lower by 35 points, or ~0.5% at the time of writing.

World Indices	Close	Prior	% Δ
<u>Local Markets</u>			
All Ordinaries	7,387.3	7,395.1	-0.1%
ASX 200	7,209.3	7,217.4	-0.1%
ASX Emerging Companies	2,037.4	2,035.2	0.1%

<u>US Markets</u>			
Dow Jones	33,042.8	33,093.3	-0.2%
S&P500	4,205.5	4,205.5	0.0%
Nasdaq	13,017.4	12,975.7	0.3%
Russell 2000	1,767.3	1,773.0	-0.3%

<u>Asian & European Markets</u>			
Shanghai Composite	3,224.2	3,221.5	0.1%
Nikkei	31,328.2	31,233.5	0.3%
Hang Seng	18,595.8	18,551.1	0.2%
FTSE 100	7,522.1	7,627.2	-1.4%
DAX 30	15,908.9	15,952.7	-0.3%
CAC 40	7,209.8	7,303.8	-1.3%

S&P500 Sectors	Close	Prior	% Δ
Consumer Discretionary	1,199.0	1,190.0	0.8%
Energy	596.9	602.5	-0.9%
Consumer Staples	756.6	764.9	-1.1%

Economic Releases	Time	F'cast	Prior
Aus Housing Credit (MoM)	11:30		0.3%
Aus Monthly CPI	11:30	6.4%	6.3%
China Manufacturing PMI	11:30	49.4	49.2
European Inflation Readings	Various		
German Unemployment Rate	17:55	5.6%	5.6%
ECB's Lagarde Speaks	22:30		
3 x Fed Speakers	Various		

Key BW Names	Close	Prior	% Δ
Meteoric Resources	0.215	0.210	2.4%
Frontier Energy	0.415	0.410	1.2%
Qoria	0.170	0.170	0.0%

Commodities	Close	Prior	% Δ
Oil - West Texas Crude	69.60	73.03	-4.7%
Gold	1,959	1,944	0.8%
Gold (Aus)	3,006	2,971	1.1%
Silver	23.19	23.15	0.2%
Uranium (Spot)	54.38	54.38	0.0%
Tin (Futures)	25,660	24,850	3.3%
Copper	3.66	3.67	-0.5%

Other Markets	Close	Prior	% Δ
DXY Index	104.1	104.3	-0.2%
AUD/USD	0.6518	0.6541	-0.4%
2-Year Treasury Yield (%)	4.460	4.568	-11 bp
10-Year Treasury Yield (%)	3.692	3.810	-12 bp
US 2-10-Year Spread	-0.768	-0.758	-1 bp
VIX Index	17.46	17.46	0.0%

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