BW EQUITIES RESEARCH

9 May 2023

US markets close flat, yields move higher, federal budget due tonight

- **Global markets.** It was a quiet night in markets with all indices across both Europe and the US closing in a range of +/- 1%. The 'leader' was the Nasdaq, which put on 0.2% and 'laggard' the Russell, which lost 0.3%. Sector performance was mixed, with 4 of the 11 closing green - **Communication Services** was the best for the day, +1.3%, while **Real Estate** gave back 0.7%.

- **Banks volatile.** In sector news, the regional banks opened sharply higher following Friday night's rally, with **Pacwest** up 30% and ~200% off its lows of last week – before ultimately selling off throughout the day to end up just 4%. Others including **Western Alliance** (+1%) followed a similar pattern. The KRE regional banking index finished the day down 2% after being +3% in early trade.

- **2-year back above 4%.** In fixed income, yields kept creeping higher, with the 2-year +8bps and above 4% - having whipsawed around that level ever since the SIBV collapse. The 10-year was similarly +7bps to close at 3.51%. The yield curve remains heavily inverted to the tune of ~50bps.

- **In other markets,** oil was higher once again +2% to end at US$73/bbl. The **USD** was slightly lower vs a basket of major currencies, the **AUD** rose 0.4%, **commodities** were broadly unchanged – **gold, tin, uranium** and **copper** all moved in a range of <1%. And finally, despite ongoing stress in the financial system, the **VIX Index** remains subdued at a level of just ~17 and was down another 1% overnight.

- **Futures flat.** Given the lacklustre lead from Wall Street, is appears local stocks will open broadly flat when trading commences this morning – with ASX futures currently down by 8pts or 0.1%. In economic news, Westpac consumer confidence is due, there will be two Fed speakers over the day and tonight the **Annual Federal Budget** will be announced.

World Indices	Close	Prior	% Δ
Local Markets			
All Ordinaries	7,472.1	7,413.1	0.8%
ASX 200	7,276.5	7,220.0	0.8%
ASX Emerging Companies	2,135.5	2,128.2	0.3%
US Markets			
Dow Jones	33,618.7	33,674.4	-0.2%
S&P500	4,138.1	4,136.3	0.0%
Nasdaq	12,256.9	12,235.4	0.2%
Russell 2000	1,754.5	1,759.9	-0.3%
Asian & European Markets			
Shanghai Composite	3,395.0	3,334.5	1.8%
Nikkei	28,949.9	29,158.0	-0.7%
Hang Seng	20,297.0	20,049.3	1.2%
FTSE 100	7,778.4	7,778.4	0.0%
DAX 30	15,952.8	15,961.0	-0.1%
CAC 40	7,440.9	7,432.9	0.1%

S&P500 Sectors	Close	Prior	% Δ
Communication Services	196.3	193.8	1.3%
Industrials	838.8	841.9	-0.4%
Real Estate	233.2	234.8	-0.7%

Economic Releases	Time	F'cast	Prior
Westpac Cons. Confidence	10:30		85.8
Federal Budget	19:30		
2 x Fed Speakers	Various		

Key BW Names	Close	Prior	% Δ
Jervois Mining	0.115	0.110	4.5%
Lotus Resources	0.190	0.185	2.7%
Frontier Energy	0.440	0.440	0.0%

Commodities	Close	Prior	% Δ
Oil - West Texas Crude	73.16	71.82	1.9%
Gold	2,021	2,015	0.3%
Gold (Aus)	2,980	2,984	-0.2%
Silver	25.55	25.63	-0.3%
Uranium (Spot)	53.30	53.30	0.0%
Tin (Futures)	26,050	26,088	-0.1%
Copper	3.92	3.89	0.7%

Other Markets	Close	Prior	% Δ
DXY Index	101.4	101.6	-0.2%
AUD/USD	0.6783	0.6753	0.4%
2-Year Treasury Yield (%)	4.001	3.918	8 bp
10-Year Treasury Yield (%)	3.507	3.435	7 bp
US 2-10-Year Spread	-0.494	-0.483	-1 bp
VIX Index	16.98	17.19	-1.2%

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