

1 June 2023

AI names sold-off overnight, rate hike odds reset lower, futures -0.2%

- **Global markets.** US indices had a lacklustre end, to an otherwise very strong May, overnight – with all indices closing down, paced by the Russell (-1.0%) and S&P (-0.6%). For the month, it was the Nasdaq well out ahead of the pack, adding 8%, vs the Dow at the other end of a spectrum, which gave back 4%. In Europe, stocks were likewise battered overnight, with every major index down over 1% for the session.
- **AI trade begins to fade.** In sector news, the flavour of the month – namely, AI-related stocks – had a very poor evening, with **Nvidia** -6% and ~10% off its highs of the week. Meanwhile, after-hours, **C3.ai** reported quarterly results and is now lower by -19% in post-market trade.
- **Rate hike expectations fade.** In macro news, there were five separate Fed speakers overnight, with both Harker and Jefferson calling for a 'pause' in June – this saw rate hike expectations reset dovishly lower, with chances of a pause now at 74%, vs just 30% coming into the session. Elsewhere, a stronger-than-expected JOLTS report was a net-negative for those in the dove camp.
- **Uranium has a strong night.** In commodity markets, it was a solid night for uranium stocks, with the key **URNM** ETF rallying 4% (completely de-coupling from the broader market), while the **spot price** hit \$55/lb for the first time this year.
- **In other markets,** energy stocks were once again the weakest part of the market (-1.9%) as the price of **oil** fell 3% to hit US\$67/bbl. Elsewhere, **silver** and **gold** added ~1%, while **copper** was marginally up. Finally, the **VIX Index** rose 3%, yet remains at a level of just ~18.
- **Futures -0.2%.** Given the modest lead from Wall Street, it appears local stocks will open slightly lower when trading commences this morning – with ASX futures currently off by 13 points, or ~0.2%. In economic news, key events all centre around global PMIs (Aus, Europe, US) and Eurozone inflation data.

World Indices	Close	Prior	% Δ
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Local Markets

All Ordinaries	7,273.5	7,387.3	-1.5%
ASX 200	7,091.3	7,209.3	-1.6%
ASX Emerging Companies	2,017.3	2,037.4	-1.0%

US Markets

Dow Jones	32,908.3	33,042.8	-0.4%
S&P500	4,179.8	4,205.5	-0.6%
Nasdaq	12,935.3	13,017.4	-0.6%
Russell 2000	1,749.7	1,767.3	-1.0%

Asian & European Markets

Shanghai Composite	3,204.6	3,224.2	-0.6%
Nikkei	30,887.9	31,328.2	-1.4%
Hang Seng	18,234.3	18,595.8	-1.9%
FTSE 100	7,446.1	7,522.1	-1.0%
DAX 30	15,664.0	15,908.9	-1.5%
CAC 40	7,098.7	7,209.8	-1.5%

S&P500 Sectors	Close	Prior	% Δ
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Financials	526.7	532.8	-1.1%
Industrials	816.9	828.5	-1.4%
Energy	585.7	596.9	-1.9%

Economic Releases	Time	F'cast	Prior
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Aus Manufacturing PMI	9:00	48.0	48.0
Global PMIs	Various	6.4%	6.3%
Eurozone Core Inflation	19:00	5.5%	5.6%
ECB Policy Minutes	21:30		
US Weekly Jobless Claims	22:30		
US ISM Manufacturing PMI	0:00	47.0	47.1

Key BW Names	Close	Prior	% Δ
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BetMakers Tech. Group	0.150	0.125	20.0%
Prospech Ltd	0.039	0.035	11.4%
Elementos	0.145	0.140	3.6%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	67.55	69.60	-2.9%
Gold	1,964	1,959	0.3%
Gold (Aus)	3,020	3,006	0.5%
Silver	23.52	23.19	1.4%
Uranium (Spot)	54.63	54.38	0.5%
Tin (Futures)	25,290	25,660	-1.4%
Copper	3.67	3.66	0.3%

Other Markets	Close	Prior	% Δ
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DXY Index	104.2	104.1	0.1%
AUD/USD	0.6505	0.6518	-0.2%
2-Year Treasury Yield (%)	4.409	4.460	-5 bp
10-Year Treasury Yield (%)	3.646	3.692	-5 bp
US 2-10-Year Spread	-0.763	-0.768	0 bp
VIX Index	17.94	17.46	2.7%

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