

16 June 2023

US stocks stage broad-based rally overnight, ECB hikes again

- **Global markets.** The melt-up in US stocks continued overnight, with all key indices higher by ~1% or more, and ~2% off the intraday lows (markets initially traded in the red). For the day, the Dow Jones (+1.3%) led although it was a fairly tight range, with S&P (+1.2%), Nasdaq (+1.1%) and Russell (+0.8%). In Europe it was a more-modest day (markets closed before the late-day US rally), with all markets ~unchanged for the session.
- **From a sector perspective,** all 11 of the S&P's sub-sectors closed in the green – with 7 of these adding >1%. **Healthcare, Communication Services** and **Industrials** each added 1.5%, while **Information Technology** and **Financials** added 1.3%. Amongst this year's key winners – **Meta** (+3%) continued to power ahead, while **Nvidia** and **Tesla** couldn't keep up the momentum, both closing lower.
- **In economic news,** the key overnight events were another ECB rate hike (plus signalling there would be more to come), in addition to mixed signals from a hot US retail sales print (+0.3% vs -0.1% forecast) and weaker-than-expected jobless claims data – with another 262k claims for the week, being well ahead of 249k expected. Continuing claims were also above expectations.
- **Yields lower.** With equity markets shrugging off the 'hawkish' Fed narrative pushed by Chair Powell in the prior session, fixed income markets followed suit – the 2-year fell 3bps and 10-year 7bps. The yield curve remains extremely inverted at -93bps.
- **In other markets,** the **USD** fell ~1% (on account of the strong **EUR**), the **AUD** moved +1.3%. The Dollar weakness helped **gold** (+0.7%) and the industrial metals – **tin** and **copper** each added 1%. And finally, the **VIX Index** rose 4%.
- **Futures +0.4%.** Despite the broad-based rally on Wall Street, it appears local markets will open only modestly higher when trading commences today – with ASX futures currently up 29bps, or 0.4%.

World Indices	Close	Prior	% Δ
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Local Markets

All Ordinaries	7,370.0	7,354.2	0.2%
ASX 200	7,175.3	7,161.7	0.2%
ASX Emerging Companies	2,025.0	2,038.5	-0.7%

US Markets

Dow Jones	34,408.1	33,979.3	1.3%
S&P500	4,425.8	4,372.6	1.2%
Nasdaq	13,782.8	13,626.5	1.1%
Russell 2000	1,889.3	1,874.1	0.8%

Asian & European Markets

Shanghai Composite	3,253.0	3,229.0	0.7%
Nikkei	33,485.5	33,502.4	-0.1%
Hang Seng	19,828.9	19,408.4	2.2%
FTSE 100	7,628.3	7,602.7	0.3%
DAX 30	16,290.1	16,310.8	-0.1%
CAC 40	7,290.9	7,328.5	-0.5%

S&P500 Sectors	Close	Prior	% Δ
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Healthcare	1,536.4	1,512.9	1.5%
Communication Services	219.1	215.8	1.5%
Industrials	890.3	877.0	1.5%

Economic Releases	Time	F'cast	Prior
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BOJ Rate Decision	13:00	-0.1%	-0.1%
Eurozone Core Inflation	19:00	5.3%	5.6%
Eurozone Inflation	19:00	6.1%	7.0%
Michigan Cons. Sentiment	0:00		

Key BW Names	Close	Prior	% Δ
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Hydralyte	0.055	0.046	19.6%
Qoria	0.220	0.210	4.8%
Jervois Mining	0.072	0.069	4.3%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	70.59	68.68	2.8%
Gold	1,958	1,944	0.7%
Gold (Aus)	2,844	2,859	-0.5%
Silver	23.88	23.92	-0.2%
Uranium (Spot)	57.75	57.75	0.0%
Tin (Futures)	27,145	26,850	1.1%
Copper	3.89	3.86	0.9%

Other Markets	Close	Prior	% Δ
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DXY Index	102.1	103.0	-0.8%
AUD/USD	0.6885	0.6800	1.3%
2-Year Treasury Yield (%)	4.650	4.684	-3 bp
10-Year Treasury Yield (%)	3.723	3.792	-7 bp
US 2-10-Year Spread	-0.927	-0.892	-4 bp
VIX Index	14.50	13.88	4.5%