

7 June 2023

## Small caps outperform overnight (+2.7%), Lowe to speak at 9:20am

- **Global markets.** It was a quiet overnight session for all the major indices, with the exception of small caps – the Russell 2000 added 2.7% and significantly outperformed any other index (which all closed in a range of 0%-0.4%). The outperformance saw small caps recent underperformance to the Nasdaq close from the recent highs; having now moderated by ~5% over the past few sessions. In Europe, it was a similar story, with all major markets only slightly up for the day (+0.1-0.4%)
- **From a sector perspective,** 7 of the S&P's 11 sub-sectors closed in the green, with **Financials** leading the way as regional banks continued to grind higher from their post-SVB lows. The **KRE Regional Bank Index** is now 25% higher than the lows of early May. Elsewhere, **Consumer Discretionary** (+1.0%) was strong, while **Healthcare** was the day's laggard, giving back 0.9%.
- **Yields lower.** In fixed income news, it was another day of consolidation following a spike on last Friday's NFP's report – with the 2-year falling just 1bp to 4.50%, while the 10-year gave up 4bps and ended the session at 3.68%. The yield curve is still heavily inverted – where it has been for months – ending last night at -82bp.
- **In other markets,** the **VIX Index** continued its utter collapse, to close below a level of 14 for the first time since 2020. Elsewhere, the **USD** was ~flat, the **AUD** had a solid day on account of the RBA's surprise rate hike (AUD +0.8%) and **commodities** were mostly up – with **gold, silver, uranium, copper** and **tin** all in the green and only **oil** closing lower (and even then, by only 0.1%).
- **Futures +0.3%.** Given the solid lead from Wall Street it appears local stocks will open higher when trading commences this morning – ASX futures are currently up by 25 points, or ~0.3%. In economic news, today's major event will be a speech by RBA Governor Lowe at 9:20am this morning.

World Indices	Close	Prior	% Δ
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### Local Markets

All Ordinaries	7,319.9	7,401.2	-1.1%
ASX 200	7,129.6	7,216.3	-1.2%
ASX Emerging Companies	2,055.6	2,045.1	0.5%

### US Markets

Dow Jones	33,573.3	33,562.9	0.0%
S&P500	4,283.9	4,273.8	0.2%
Nasdaq	13,276.4	13,229.4	0.4%
Russell 2000	1,855.4	1,806.7	2.7%

### Asian & European Markets

Shanghai Composite	3,195.3	3,232.4	-1.1%
Nikkei	32,506.8	32,217.4	0.9%
Hang Seng	19,099.3	19,108.5	0.0%
FTSE 100	7,628.1	7,600.0	0.4%
DAX 30	15,992.4	15,963.9	0.2%
CAC 40	7,209.0	7,200.9	0.1%

S&P500 Sectors	Close	Prior	% Δ
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Financials	548.3	541.0	1.3%
Consumer Discretionary	1,245.4	1,233.2	1.0%
Healthcare	1,508.7	1,522.0	-0.9%

Economic Releases	Time	F'cast	Prior
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AiG Industry Index	9:00		-20.1
RBA Governor Lowe Speaks	9:20		
Aus GDP (Q1)	11:30	2.4%	2.7%

Key BW Names	Close	Prior	% Δ
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Qoria	0.225	0.185	21.6%
Frontier Energy	0.410	0.405	1.2%
Lotus Resources	0.195	0.195	0.0%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	71.74	71.82	-0.1%
Gold	1,963	1,962	0.1%
Gold (Aus)	2,941	2,964	-0.8%
Silver	23.60	23.57	0.1%
Uranium (Spot)	55.50	55.50	0.0%
Tin (Futures)	25,710	25,565	0.6%
Copper	3.77	3.76	0.2%

Other Markets	Close	Prior	% Δ
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DXY Index	104.1	104.0	0.1%
AUD/USD	0.6675	0.6620	0.8%
2-Year Treasury Yield (%)	4.497	4.470	3 bp
10-Year Treasury Yield (%)	3.677	3.689	-1 bp
US 2-10-Year Spread	-0.820	-0.781	-4 bp
VIX Index	13.96	14.73	-5.2%