

8 June 2023

## Tech (-1.3%) → small cap (1.8%) rotation continues – led by regionals

- **Global markets.** It was a story of two halves for US markets overnight, with tech stocks battered – the Nasdaq gave up 1.3%, with recent leaders like **Nvidia** (-3%) the hardest hit. While at the other end of the spectrum, small caps continued to rally – the Russell 2000 added 1.8% for the night, taking its weekly outperformance rel. the Nasdaq to ~8%. The **KRE Regional Bank Index** was a major driver of these gains, adding another 3% for the session. In Europe, stocks ended flat.
- **Yields sharply higher.** Helping to underpin the weakness in long-duration technology stocks was yet another move higher right along the **Treasury** curve, with the 10-year rising 12bps on the day, to be back at a level of 3.8% - a level not seen since before the SVB-crisis. The 2-year also continued to move higher, albeit by a less-aggressive 5bp. The yield curve now stands inverted to the tune of -76bps.
- **In other markets,** precious metals were sold off rather hard, with **gold** down another 1.2% and back at just \$1,940/ounce, **silver** also fell 1%. The **USD** was unchanged, the **AUD** was slightly lower, and other **commodities** were mixed with **oil** +1%, **tin** flat, **copper** -0.4% and **uranium** continuing to grind higher – adding another \$1/lb and closing at \$56.5/lb. Finally, the **VIX Index** was unmoved by a >1% sell-off in the Nasdaq, closing unchanged for the session and remaining well below its long-term average of ~20.
- **Futures off 0.2%.** Given the non-directional lead from Wall Street, it appears local stocks will open broadly flat when trading commences this morning – with ASX futures currently off by just 13 points, or ~0.2% at the time of writing. In economic news, today's major events will include Japanese GDP and US weekly jobless claims.

World Indices	Close	Prior	% Δ
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<u>Local Markets</u>			
All Ordinaries	7,310.4	7,319.9	-0.1%
ASX 200	7,118.0	7,129.6	-0.2%
ASX Emerging Companies	2,055.3	2,055.6	0.0%

<u>US Markets</u>			
Dow Jones	33,665.0	33,573.3	0.3%
S&P500	4,267.5	4,283.9	-0.4%
Nasdaq	13,104.9	13,276.4	-1.3%
Russell 2000	1,888.5	1,855.4	1.8%

<u>Asian &amp; European Markets</u>			
Shanghai Composite	3,197.8	3,195.3	0.1%
Nikkei	31,913.7	32,506.8	-1.8%
Hang Seng	19,252.0	19,099.3	0.8%
FTSE 100	7,624.3	7,628.1	0.0%
DAX 30	15,960.6	15,992.4	-0.2%
CAC 40	7,202.8	7,209.0	-0.1%

Economic Releases	Time	F'cast	Prior
Japanese GDP	9:50	1.9%	-0.1%
Balance of Trade	11:30	A\$14.0b	A\$15.3b
Eurozone GDP (3rd Est.)	19:00	1.2%	1.8%
US Weekly Jobless Claims	22:30		

Key BW Names	Close	Prior	% Δ
Elementos	0.170	0.140	21.4%
Alderaan Resources	0.007	0.006	16.7%
Hydralyte	0.052	0.050	4.0%

Commodities	Close	Prior	% Δ
Oil - West Texas Crude	72.53	71.74	1.1%
Gold	1,939.9	1,963.0	-1.2%
Gold (Aus)	2,914.9	2,940.8	-0.9%
Silver	23.44	23.60	-0.7%
Uranium (Spot)	56.50	55.50	1.8%
Tin (Futures)	25,730	25,710	0.1%
Copper	3.75	3.77	-0.4%

Other Markets	Close	Prior	% Δ
DX Index	104.12	104.14	0.0%
AUD/USD	0.6655	0.6675	-0.3%
VIX Index	13.94	13.96	-0.1%
2-Year Treasury Yield (%)	4.552	4.497	5 bp
10-Year Treasury Yield (%)	3.793	3.677	12 bp
US 2-10-Year Spread	-0.759	-0.820	6 bp