

11 July 2023

ASX futures +0.6%, yields lower overnight, big tech underperforms

- **Global markets.** It was a quiet overnight session for equities – with all key indices across Europe and the US ending higher in a range of 0.2% to 0.6%. The small cap Russell 2000 was once again a lone standout, rising 1.6%.
- **From a sector perspective,** it was **Industrials** out ahead, rising 1.4% as the **Airlines** and the likes of **Eaton** and **Union Pacific** all rose comfortably. At the other end of the spectrum, **Communication Services** (-0.9%) and **big tech** names in general underperformed; with **Amazon**, **Apple**, **Google**, **Microsoft** and **Tesla** all losing ~1-2% for the day.
- **Fed speak.** It was a quiet night for economics, with central bank speakers the highlight of the session. Key comments included Barr “inflation is still far too high”, Mester “rates need to move up somewhat”, Daly “likely to need a couple more rate hikes” and Bostic “comfortable to let restrictiveness play out”. – all, clearly, on the hawkish side.
- **Yields fall.** Despite the above hawkishness from central bank speakers; yields still fell sharply – with the 2-year losing 9bps and the 10-year 7bps. The curve (which remains heavily inverted at -86bps) rose by 3bps over the day.
- **In other markets,** the **USD** was weak (in-line with the move in yields), losing 0.3% for the session. **Commodities** were all broadly flat (**gold**, **silver**, **oil** and **copper** all moving <1%). **Tin** was an exception – losing >2% for the day. And finally, despite stocks finishing green, the **VIX Index** actually rose 2% to close >15.
- **Futures +0.6%.** Following a weak session locally yesterday and the modest strength overnight from global markets; it appears stocks will open sharply higher when trading begins this morning – with ASX futures currently +43pts or ~0.6%. The day's major economic news will include Westpac's consumer confidence, German inflation, UK employment data and European sentiment readings.

World Indices	Close	Prior	% Δ
<u>Local Markets</u>			
All Ordinaries	7,206.9	7,244.1	-0.5%
ASX 200	7,004.0	7,042.3	-0.5%
ASX Emerging Companies	2,082.6	2,094.9	-0.6%

<u>US Markets</u>			
Dow Jones	33,944.4	33,734.9	0.6%
S&P500	4,409.5	4,399.0	0.2%
Nasdaq	13,685.5	13,660.7	0.2%
Russell 2000	1,895.3	1,864.7	1.6%

<u>Asian & European Markets</u>			
Shanghai Composite	3,203.7	3,196.6	0.2%
Nikkei	32,189.7	32,388.4	-0.6%
Hang Seng	18,479.7	18,365.7	0.6%
FTSE 100	7,273.8	7,256.9	0.2%
DAX 30	15,673.2	15,603.4	0.4%
CAC 40	7,143.7	7,111.9	0.4%

S&P500 Sectors	Close	Prior	% Δ
Industrials	911.1	898.6	1.4%
Healthcare	1,516.3	1,504.1	0.8%
Communication Services	213.4	215.4	-0.9%

Economic Releases	Time	F'cast	Prior
Westpac Cons. Confidence	10:30		79.2
German Inflation	16:00	6.4%	6.1%
UK Unemployment Rate	16:00	3.8%	3.8%
European Econ. Sentiment	19:00		

Key BW Names	Close	Prior	% Δ
Elementos	0.155	0.145	6.9%
Forbidden Foods	0.018	0.017	5.9%
Lotus Resources	0.180	0.175	2.9%

Commodities	Close	Prior	% Δ
Oil - West Texas Crude	73.15	73.61	-0.6%
Gold	1,926	1,926	0.0%
Gold (Aus)	2,885	2,876	0.3%
Silver	23.09	23.09	0.0%
Uranium (Spot)	55.64	55.64	0.0%
Tin (Futures)	27,800	28,395	-2.1%
Copper	3.79	3.78	0.2%

Other Markets	Close	Prior	% Δ
DXY Index	102.0	102.3	-0.3%
AUD/USD	0.6676	0.6696	-0.3%
2-Year Treasury Yield (%)	4.864	4.957	-9 bp
10-Year Treasury Yield (%)	4.000	4.068	-7 bp
US 2-10-Year Spread	-0.864	-0.889	3 bp
VIX Index	15.07	14.83	1.6%