

13 July 2023

## Soft US CPI print sends risk assets soaring (stocks, bonds, commods)

- **Global markets.** It was another extremely strong session for equities overnight, as a soft US CPI print sent risk assets (stocks, bonds, commodities) soaring. For the day; European indices all moved higher in a range of 1.5% (DAX) to 1.8% (FTSE), while US indices were slightly more-subdued, up 0.3% (Dow) to 1.2% (Nasdaq) – with all closing well off their highs of the day.
- **US CPI.** As per above, the highlight overnight was a softer-than-expected inflation print from the US – with headline +3.0% YoY (vs 3.1% expected) and MoM just 0.2% (vs 0.3% exp). Elsewhere, the core reading was also well under expectations at 4.8% YoY (vs 5.0%) and just 0.2% MoM (vs 0.3%) and 0.4% last month.
- **In sector news,** it was long-duration names which caught the brunt of the buying (as expected), with **Communication Services** (+1.5%) the day's best performer as key megacap names including **Meta** (+3.7%), **Nvidia** (+3.5%), **Alphabet** (+1.5%) and **Microsoft** (+1.4%) continued to power ahead. At the other end of the spectrum, the **cruises** were hit hard following very strong YTD performance, with **Norwegian** (-2.7%) and **Carnival** (-3.6%) amongst the day's worst names.
- **In other markets,** the dovish CPI print sent all key risk assets sharply higher (not just stocks), with **yields** across the curve collapsing (10yr -12bps and 2yr -12bps), the **USD** lost >1% against a basket of currencies (in its worst day since January), **gold** and **silver** rallied 1.3% and >4% respectively, **oil** prices moved 1% higher and are now back above US\$75/bbl and **industrial metals** including **copper** and **tin** were likewise extremely strong (+2%/4%). Finally, the **VIX Index** fell 9% to close at a level of just 13.
- **Futures +0.9%.** Given the strong overnight lead, it appears local stocks will open sharply higher when trading commences this morning – with futures up 64 points, or ~0.9% at the time of writing.

World Indices	Close	Prior	% Δ
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### Local Markets

All Ordinaries	7,341.5	7,315.8	0.4%
ASX 200	7,135.7	7,108.9	0.4%
ASX Emerging Companies	2,108.1	2,126.2	-0.9%

### US Markets

Dow Jones	34,347.4	34,261.4	0.3%
S&P500	4,472.2	4,439.3	0.7%
Nasdaq	13,919.0	13,760.7	1.2%
Russell 2000	1,933.4	1,913.4	1.0%

### Asian & European Markets

Shanghai Composite	3,196.1	3,221.4	-0.8%
Nikkei	31,943.9	32,203.6	-0.8%
Hang Seng	18,861.0	18,659.8	1.1%
FTSE 100	7,416.1	7,282.5	1.8%
DAX 30	16,023.0	15,790.3	1.5%
CAC 40	7,333.0	7,220.0	1.6%

S&P500 Sectors	Close	Prior	% Δ
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Communication Services	218.9	215.7	1.5%
Utilities	339.8	334.9	1.5%
Materials	523.1	516.4	1.3%

Economic Releases	Time	F'cast	Prior
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UK GDP (YoY)	16:00	-0.7%	0.5%
ECB Policy Minutes	21:30		
US PPI (MoM)	22:30	0.2%	-0.3%
US Weekly Jobless Claims	22:30		

Key BW Names	Close	Prior	% Δ
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Way2VAT Ltd	0.013	0.012	8.3%
Meteoric Resources	0.260	0.245	6.1%
Elementos	0.155	0.150	3.3%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	75.85	74.81	1.4%
Gold	1,958	1,933	1.3%
Gold (Aus)	2,882	2,890	-0.3%
Silver	24.14	23.13	4.4%
Uranium (Spot)	55.34	55.35	0.0%
Tin (Futures)	29,075	27,945	4.0%
Copper	3.85	3.77	2.2%

Other Markets	Close	Prior	% Δ
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SPI200 Futures	7,158.0	7,096.0	0.9%
DXY Index	100.6	101.7	-1.1%
AUD/USD	0.6792	0.6689	1.5%
2-Year Treasury Yield (%)	4.748	4.887	-14 bp
10-Year Treasury Yield (%)	3.861	3.978	-12 bp
US 2-10-Year Spread	-0.887	-0.909	2 bp
VIX Index	13.54	14.84	-8.8%

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