

26 June 2023

Markets sold-off again on Friday night, a big week of CB speak ahead

- **Futures -0.2% lower.** Despite another poor lead from Wall Street, it appears local stocks will only open slightly lower when trading commences this morning – arguably due to a poor Friday session – with ASX futures currently off by just 16 points, or ~0.2% at the time of writing.
- **This week in economics.** It will be a busy week for economics, with ECB speeches and forums over the next few days, while over the balance of the week, key events include: US durable goods and consumer confidence (Tue), Powell speaking (Wed and Thu), German inflation and unemployment, European inflation and US PCE figures (all Friday night).
- **Global markets on Friday night.** US stocks were weak again on Friday – with **big tech** and **banks** both quite weak. The Nasdaq was the weakest of the major indices – off 1.0% - while the S&P (-0.8%) and Dow (-0.6%) also closed lower. **Utilities** and **Real Estate** were the worst performing sectors, although all 11 sub-sectors were ultimately down. Over in Europe it was a similar story, with all key markets closing in the red.
- **Recession trade takes hold.** Friday night's moves (and those over the week) all had a 'recessionary' bent to them – with the **yield curve** moving further into inversion territory (closing the week at -1.01%), **industrial commodities** down – **tin** and **copper** were both off 1-2% on Friday – the **AUD** lost 1% on Friday night and was likewise hit over much of the week and finally **oil** remains stuck under US\$70/bbl – another sure sign of languishing global demand.
- **In other markets,** the **VIX Index** rose by 4% on Friday, yet closing at a level of just 13.4 remains very subdued relative to its long-run ~20 average. Elsewhere, **gold** and **silver** were surprisingly up on Friday night, as were **crypto** assets, with **Bitcoin** currently trading through US\$30k for the first time since pre-FTX collapse.

World Indices	Close	Prior	% Δ
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Local Markets

All Ordinaries	7,285.6	7,381.0	-1.3%
ASX 200	7,099.2	7,195.5	-1.3%
ASX Emerging Companies	2,022.6	2,020.6	0.1%

US Markets

Dow Jones	33,727.4	33,946.7	-0.6%
S&P500	4,348.3	4,381.9	-0.8%
Nasdaq	13,492.5	13,630.6	-1.0%
Russell 2000	1,821.6	1,848.2	-1.4%

Asian & European Markets

Shanghai Composite	3,197.9	3,197.9	0.0%
Nikkei	32,781.5	33,264.9	-1.5%
Hang Seng	18,890.0	19,218.4	-1.7%
FTSE 100	7,461.9	7,502.0	-0.5%
DAX 30	15,829.9	15,988.2	-1.0%
CAC 40	7,163.4	7,203.3	-0.6%

S&P500 Sectors	Close	Prior	% Δ
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Consumer Discretionary	1,298.4	1,312.9	-1.1%
Real Estate	225.4	227.9	-1.1%
Utilities	330.5	335.6	-1.5%

Economic Releases	Time	F'cast	Prior
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ECB Central Banking Forum	10:00		
German Business Climate	18:00	90.7	91.7
ECB President Lagarde Speaks	3:30		

Key BW Names	Close	Prior	% Δ
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Ras Technologies	0.480	0.470	2.1%
Hydralyte	0.062	0.061	1.6%
Lotus Resources	0.180	0.180	0.0%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	69.94	69.54	0.6%
Gold	1,924	1,914	0.5%
Gold (Aus)	2,879	2,831	1.7%
Silver	22.45	22.24	0.9%
Uranium (Spot)	57.75	57.75	0.0%
Tin (Futures)	26,730	27,078	-1.3%
Copper	3.81	3.89	-2.0%

Other Markets	Close	Prior	% Δ
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DXY Index	102.8	102.4	0.4%
AUD/USD	0.6682	0.6759	-1.1%
2-Year Treasury Yield (%)	4.754	4.800	-5 bp
10-Year Treasury Yield (%)	3.742	3.797	-6 bp
US 2-10-Year Spread	-1.012	-1.003	-1 bp
VIX Index	13.44	12.91	4.1%