

9 August 2023

Dow sheds more than 150 points as Moody's cuts ratings

- **Global markets.** Stocks retreated Tuesday as an August selloff was reignited by a downgrade of the banking sector by credit rating agency Moody's. The Dow Jones Industrial Average was down 158.64 points, or 0.45%, to close at 35,314.49. At session lows, the index dropped about 465 points. The S&P 500 dipped 0.42% to end at 4,499.38, bringing the broad index's month-to-date loss to almost 2%. The Nasdaq Composite pulled back by 0.79% to 13,884.32, pulling its loss in August down to 3.2%.

Banks fell broadly after Moody's downgraded the credit rating on several regional banks, including M&T Bank and Pinnacle Financial, citing deposit risk, a potential recession and struggling commercial real estate portfolios. The credit agency also placed Bank of N.Y. Mellon and State Street on review for a downgrade.

- **In earnings news.** Electric vehicle maker Rivian Automotive on Tuesday reported a loss for the second quarter that was narrower than expected and raised its production guidance for the full year. It now expects to build about 52,000 vehicles in 2023, more than twice the number it made in 2022 and up from its previous production guidance of 50,000 vehicles.
- **In other markets,** the **USD** closed higher against a basket of currencies (+0.46%), along with 2-year **yield** closing lower (-13bps), 10-year (-5bps). **Commodities** were mixed, but mostly higher, with **oil** +1.3% to hold US\$82/bbl, both **gold** and **silver** were lower -0.4% and -3.4%, **uranium** was higher, **copper** was lower and **tin** higher. Finally, the **VIX Index** was higher +0.3%.
- **Futures.** Australian shares are poised to slip amid new worries about the global economic outlook. Moody's put US banks on notice. Singapore traded iron ore shed 1.1 per cent to \$US99.90 a tonne. ASX futures were down 4 points to 7246 near 7am AEST, paring earlier losses in line with US equities recovering from an early session swoon.

World Indices	Close	Prior	% Δ
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Local Markets

All Ordinaries	7,519.7	7,519.9	0.0%
ASX 200	7,311.1	7,309.2	0.0%
ASX Emerging Companies	2,079.6	2,112.1	-1.5%

US Markets

Dow Jones	35,314.5	35,473.1	-0.4%
S&P500	4,499.4	4,518.4	-0.4%
Nasdaq	15,273.1	450.7	3288.7%
Russell 2000	1,947.4	1,958.9	-0.6%

Asian & European Markets

Shanghai Composite	3,260.6	3,268.8	-0.3%
Nikkei	32,377.2	32,254.5	0.4%
Hang Seng	19,184.2	19,537.9	-1.8%
FTSE 100	7,527.4	7,554.5	-0.4%
DAX 30	15,774.9	15,950.8	-1.1%
CAC 40	7,269.5	7,319.8	-0.7%

S&P500 Sectors	Close	Prior	% Δ
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Information Technology	3,016.5	3,040.1	-0.8%
Communication Services	227.8	228.4	-0.2%
Consumer Discretionary	1,354.9	1,366.8	-0.9%

Economic Releases	Time	F'cast	Prior
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China - Inflation rate YoY	11:30	-0.4%	0.0%
China - PPI YoY	11:30	-4.1%	-5.4%

Key BW Names	Close	Prior	% Δ
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Alderan Resources	0.008	0.008	0.0%
Elementos	0.140	0.140	0.0%
Frontier Energy	0.400	0.385	3.9%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	82.78	81.68	1.3%
Gold	1,925	1,933	-0.4%
Gold (Aus)	2,941	2,952	-0.4%
Silver	22.77	23.57	-3.4%
Uranium (Spot)	56.80	56.39	0.7%
Tin (Futures)	27,756	27,700	0.2%
Copper	3.78	3.83	-1.3%

Other Markets	Close	Prior	% Δ
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SPI200 Futures	7,304.0	7,295.0	0.1%
DXY Index	102.5	102.5	0.1%
AUD/USD	0.6543	0.6552	-0.1%
2-Year Treasury Yield (%)	4.756	4.885	-13 bp
10-Year Treasury Yield (%)	4.026	4.080	-5 bp
US 2-10-Year Spread	-0.730	-0.805	7 bp
VIX Index	15.98	15.93	0.3%