

21 September 2023

## ASX to slide, US stocks lower after Fed skips a rate hike but signals another increase is coming

- **Global markets.** The three major averages closed at session lows after the Federal Reserve said it would leave interest rates unchanged but expects another rate hike before the end of the year. Powell had commented that a soft landing for the economy was still possible, but not his baseline scenario.

Futures tied to the Dow Jones Industrial Average was lower by 16 points, or 0.05%. S&P 500 futures were down 0.12%, while Nasdaq 100 futures edged lower by 0.21%.

Additional economic data awaits traders on Thursday, with weekly jobless claims due before the opening bell, as well as existing home sales data out later that morning.

- **In economic news.** NZ second quarter GDP at 8.45am

NAB said it anticipates a 0.6 per cent increase, versus the 0.5 per cent the RBNZ expects.

Overseas data: Federal Reserve policy statement at 4am, Powell press conference at 4.30am; Bank of England policy decision at 9pm; Rate decisions in Sweden and Norway; Eurozone September consumer confidence; US August existing home sales and leading index

TD Securities said both Sweden's Riksbank and Norway's Norges Bank are expected to lift their rates by a quarter point, to 4 per cent and 4.25 per cent respectively.

The BoE is expected to lift by a quarter point to 5.25 per cent because of strong wage growth, according to Bank of America. "We expect no rate cuts before 2025."

- **In other markets.** US Treasury two-year yields climbed to the highest level since 2006. The 10-year yield topped 4.40 per cent late in New York's day.
- **Futures.** ASX futures were down 16 points or 0.2 per cent to 7155 near 7am AEST, after having been more than 20 points higher earlier.

World Indices	Close	Prior	% Δ
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### Local Markets

All Ordinaries	7,395.0	7,428.1	-0.4%
ASX 200	7,196.6	7,230.4	-0.5%
ASX Emerging Companies	1,988.3	2,001.0	-0.6%

### US Markets

Dow Jones	34,517.7	34,624.3	-0.3%
S&P500	4,443.9	4,453.5	-0.2%
Nasdaq	15,191.2	15,225.4	-0.2%
Russell 2000	1,826.5	1,834.3	-0.4%

### Asian & European Markets

Shanghai Composite	3,125.0	3,125.9	0.0%
Nikkei	33,242.5	33,533.0	-0.9%
Hang Seng	17,997.2	17,930.6	0.4%
FTSE 100	7,660.2	7,653.0	0.1%
DAX 30	15,664.5	15,727.1	-0.4%
CAC 40	7,282.1	7,276.2	0.1%

S&P500 Sectors	Close	Prior	% Δ
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Information Technology	2,998.4	3,000.7	-0.1%
Communication Services	230.3	230.3	0.0%
Consumer Discretionary	1,331.0	1,339.7	-0.6%

Economic Releases	Time	F'cast	Prior
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AU - Westpac Lending Index MoM	11:00		
US - Fed Interest Rate Decision	4:00	5.5%	5.5%

Key BW Names	Close	Prior	% Δ
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Lotus Resources	0.285	0.275	3.6%
Elementos	0.130	0.135	-3.7%
Frontier Energy	0.370	0.370	0.0%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	90.64	92.22	-1.7%
Gold	1,932	1,934	-0.1%
Gold (Aus)	2,992	3,004	-0.4%
Silver	23.20	23.27	-0.3%
Uranium (Spot)	68.00	68.00	0.0%
Tin (Futures)	26,183	25,703	1.9%
Copper	3.75	3.78	-0.8%

Other Markets	Close	Prior	% Δ
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SPI200 Futures	7,181.0	7,206.0	-0.3%
DX Index	105.1	105.1	0.0%
AUD/USD	0.6456	0.6437	0.3%
2-Year Treasury Yield (%)	5.095	5.056	4 bp
10-Year Treasury Yield (%)	4.361	4.301	6 bp
US 2-10-Year Spread	-0.734	-0.755	2 bp
VIX Index	14.12	14.01	0.8%