

25 September 2023

ASX to open lower as spotlight remains on interest rates

- **Global markets.** On Friday, US shares swung between gains and losses amid the risk of a US government shutdown with no resolution in sight.

Stocks have struggled this month as the Federal Reserve signalled higher interest rates for longer, sending bond yields rising. The benchmark 10-year Treasury yield has surged more than 30 basis points this month to 4.43%. The market also contended with a rally in crude oil and a winning streak in the dollar during the seasonally weak trading month.

The S&P 500, which slipped below its 100-day moving average on Thursday for the first time since March, failed to retake that level on Friday, a sign that downward momentum is intact.

- **In economic news.** No local data. The key reports this week are August CPI on Wednesday, with soaring petrol prices expected to have pushed inflation higher last week. August retail sales are due on Thursday.

Overseas data: German IFO business climate survey September; US Chicago Fed activity index August; and Dallas Fed index September.

China data this week includes August industrial profits on Wednesday and September official and Caixin manufacturing and services PMIs on Friday and Saturday.

- **In other markets.** The Australian dollar rebounded, briefly edging above US64.50¢; the Bloomberg dollar spot index was modestly higher. On bitstamp.net, bitcoin was down 0.4 per cent to \$US26,504.

The yield on the US 10-year note slid 6 basis points to 4.43 per cent in New York, after last week trading within 2 basis points off its highest level since 2007 at 4.51 per cent.

- **Futures.** ASX futures were down 18 points, or 0.3 per cent, to 7086 over the weekend, after a volatile session on Wall Street that saw the major bourses finish the week lower.

World Indices	Close	Prior	% Δ
---------------	-------	-------	-----

Local Markets

All Ordinaries	7,270.0	7,266.6	0.0%
ASX 200	7,068.8	7,065.2	0.1%
ASX Emerging Companies	1,948.6	1,947.2	0.1%

US Markets

Dow Jones	33,963.9	34,070.4	-0.3%
S&P500	4,320.1	4,330.0	-0.2%
Nasdaq	14,701.1	14,694.2	0.0%
Russell 2000	1,776.5	1,781.8	-0.3%

Asian & European Markets

Shanghai Composite	3,132.4	3,084.7	1.5%
Nikkei	32,402.2	32,571.0	-0.5%
Hang Seng	18,057.5	17,655.4	2.3%
FTSE 100	7,683.9	7,678.6	0.1%
DAX 30	15,557.3	15,571.9	-0.1%
CAC 40	7,184.8	7,213.9	-0.4%

S&P500 Sectors	Close	Prior	% Δ
----------------	-------	-------	-----

Information Technology	2,908.0	2,900.5	0.3%
Communication Services	222.2	222.4	-0.1%
Consumer Discretionary	1,267.4	1,278.6	-0.9%

Economic Releases	Time	F'cast	Prior
-------------------	------	--------	-------

Key BW Names	Close	Prior	% Δ
--------------	-------	-------	-----

Lotus Resources	0.245	0.255	-3.9%
Elementos	0.130	0.140	-7.1%
Frontier Energy	0.340	0.355	-4.2%

Commodities	Close	Prior	% Δ
-------------	-------	-------	-----

Oil - West Texas Crude	90.38	89.70	0.8%
Gold	1,925	1,920	0.3%
Gold (Aus)	2,989	2,994	-0.2%
Silver	23.54	23.42	0.5%
Uranium (Spot)	72.00	68.00	5.9%
Tin (Futures)	26,251	26,132	0.5%
Copper	3.71	3.70	0.2%

Other Markets	Close	Prior	% Δ
---------------	-------	-------	-----

SPI200 Futures	7,041.0	6,970.0	1.0%
DX Index	105.5	105.4	0.1%
AUD/USD	0.6439	0.6415	0.4%
2-Year Treasury Yield (%)	5.114	5.144	-3 bp
10-Year Treasury Yield (%)	4.436	4.450	-1 bp
US 2-10-Year Spread	-0.678	-0.694	2 bp
VIX Index	17.19	17.54	-2.0%