

7 September 2023

## ASX to drop, US services data points to potential higher rate peak

- **Global markets.** Technology stocks were the biggest underperformer during regular trading hours, with the Nasdaq Composite closing 1.1% lower and notching a third-consecutive losing session. The tech-heavy index was dragged lower by a more than 3% decline in both Apple and Nvidia.

The tumble in Apple's stock came after The Wall Street Journal reported China ordered officials at central government agencies not to use iPhones and other foreign-branded devices for work or bring them into the office.

The Institute for Supply Management's U.S. services index climbed to a six-month high in August, while the price segment ticked up to 58.9%, a report Wednesday showed. The ISM index's price barometer hit a four-month high.

While 93% of interest rate traders foresee no change at September's Federal Open Market Committee meeting, expectations of an additional interest rate hike at the November meeting rose above 40%, according to the CME FedWatch tool.

- **In economic news.** RBA governor Philip Lowe will speak shortly after 1pm at an event hosted by the Anika Foundation in Sydney. The speech is billed as "Some closing remarks". Michele Bullock succeeds Mr Lowe on September 18.

Overseas data: German industrial production July; Eurozone second quarter GDP at 7pm.

- **In other markets.** Higher Treasury yields added pressure to tech stocks and added to investor worry that the Federal Reserve will use recent stronger-than-expected economic data to justify pushing benchmark lending rates higher to squelch inflation. The yield on the 2-year Treasury note added as much as 6 basis points Wednesday.

The local currency was little changed; the Bloomberg dollar spot index edged up 0.2 per cent.

- **Futures.** ASX futures were down 37 points or 0.5% to 7195 near 7am AEST.

World Indices	Close	Prior	% Δ
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### Local Markets

All Ordinaries	7,461.6	7,516.8	-0.7%
ASX 200	7,257.1	7,314.3	-0.8%
ASX Emerging Companies	2,050.2	2,065.7	-0.8%

### US Markets

Dow Jones	34,443.2	34,642.0	-0.6%
S&P500	4,465.5	4,496.8	-0.7%
Nasdaq	15,371.4	15,508.2	-0.9%
Russell 2000	1,874.3	1,880.4	-0.3%

### Asian & European Markets

Shanghai Composite	3,158.1	3,154.4	0.1%
Nikkei	33,241.0	33,036.7	0.6%
Hang Seng	18,450.0	18,456.9	0.0%
FTSE 100	7,426.2	7,437.9	-0.2%
DAX 30	15,741.4	15,771.7	-0.2%
CAC 40	7,194.0	7,254.7	-0.8%

S&P500 Sectors	Close	Prior	% Δ
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Information Technology	3,097.3	3,140.4	-1.4%
Communication Services	227.3	228.6	-0.5%
Consumer Discretionary	1,323.4	1,336.4	-1.0%

Economic Releases	Time	F'cast	Prior
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AUS - RBA Lowe Speech	13:10		
Eurozone - GDP Growth rate QoQ	19:00	0.3%	0.0%

Key BW Names	Close	Prior	% Δ
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Lotus Resources	0.270	0.240	12.5%
Elementos	0.140	0.140	0.0%
Frontier Energy	0.375	0.380	-1.3%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	87.55	86.69	1.0%
Gold	1,916	1,926	-0.5%
Gold (AUS)	3,002	3,019	-0.6%
Silver	23.17	23.53	-1.5%
Uranium (Spot)	61.50	61.50	0.0%
Tin (Futures)	26,445	26,372	0.3%
Copper	3.79	3.83	-1.0%

Other Markets	Close	Prior	% Δ
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SPI200 Futures	7,216.0	7,286.0	-1.0%
DXY Index	104.8	104.8	0.1%
AUD/USD	0.6379	0.6378	0.0%
2-Year Treasury Yield (%)	5.022	4.883	14 bp
10-Year Treasury Yield (%)	4.284	4.187	10 bp
US 2-10-Year Spread	-0.738	-0.696	-4 bp
VIX Index	14.44	14.00	3.1%