

20 October 2023

Dow closes 250 points lower as 10 year Treasury yield nears 5%

- **Global markets.** Stocks slid on Thursday as Wall Street parsed commentary from Federal Reserve Chair Jerome Powell while monitoring a key milestone for a closely followed Treasury bond yield.

The Dow Jones Industrial Average shed 250.91 points, or 0.75%, to end at 33,414.17. The S&P 500 dropped 0.85% to 4,278, while the Nasdaq Composite finished 0.96% lower at about 13,186.

Investors appeared to take away that the Fed would likely kept interest rates unmoved at least at its next policy meeting. The market is pricing in an approximately 97% chance that the central bank leaves rates unchanged as of Thursday, up from about 93% a day prior, according to CME Group's FedWatch tool.

- **In economic news.** Local: NZ trade balance September at 8.45am
Overseas data: Japan September CPI at 10.30am; UK September retail sales at 5pm, public sector borrowing September, GfK consumer sentiment October

- **In other markets.** The benchmark risk-free rate the US 10-year yield has climbed 8 basis points to reach 4.99 per cent overnight as the bond market sell-off gathers pace.

The US 20-year yield climbed 11 basis points to 5.34 per cent overnight.

Market watchers are unclear as to why investors are suddenly demanding more compensation for holding US government debt.

Gold also climbed 1 per cent to \$US1986.80 an ounce. The Australian dollar gold price is now at \$3140 an ounce around a record high.

Brent crude oil futures up 1.9 per cent to \$US93.35 a barrel.

- **Futures.** ASX futures were down 83 points or 1.2% to 7018 at 7am AEDT.

World Indices	Close	Prior	% Δ
<u>Local Markets</u>			
All Ordinaries	7,172.7	7,265.7	-1.3%
ASX 200	6,981.6	7,077.6	-1.4%
ASX Emerging Companies	1,873.4	7,876.6	-76.2%

<u>US Markets</u>			
Dow Jones	33,414.2	33,665.1	-0.7%
S&P500	4,278.0	4,314.6	-0.8%
Nasdaq	14,783.1	14,909.3	-0.8%
Russell 2000	1,702.7	1,728.8	-1.5%

<u>Asian & European Markets</u>			
Shanghai Composite	3,005.4	3,058.7	-1.7%
Nikkei	31,430.6	32,042.2	-1.9%
Hang Seng	17,295.9	17,732.5	-2.5%
FTSE 100	7,499.5	7,588.0	-1.2%
DAX 30	15,045.2	15,094.9	-0.3%
CAC 40	6,921.4	6,966.0	-0.6%

S&P500 Sectors	Close	Prior	% Δ
Information Technology	2,951.8	2,964.7	-0.4%
Communication Services	229.9	229.2	0.3%
Consumer Discretionary	1,216.6	1,243.9	-2.2%

Economic Releases	Time	F'cast	Prior
JP - Inflation Rate YoY	10:30		3.2%

Key BW Names	Close	Prior	% Δ
Lotus Resources	0.215	0.210	2.4%
Elementos	0.125	0.130	-3.8%
Frontier Energy	0.335	0.330	1.5%

Commodities	Close	Prior	% Δ
Oil - West Texas Crude	89.13	88.28	1.0%
Gold	1,973	1,949	1.2%
Gold (Aus)	3,119	3,078	1.3%
Silver	23.01	22.86	0.7%
Uranium (Spot)	71.24	70.37	1.2%
Tin (Futures)	25,548	25,370	0.7%
Copper	3.61	3.59	0.4%

Other Markets	Close	Prior	% Δ
SPI200 Futures	6,924.0	6,998.0	-1.1%
DX Index	106.6	106.2	0.3%
AUD/USD	0.6320	0.6330	-0.2%
2-Year Treasury Yield (%)	5.161	5.220	-6 bp
10-Year Treasury Yield (%)	4.990	4.911	8 bp
US 2-10-Year Spread	-0.171	-0.309	14 bp
VIX Index	21.40	19.21	11.4%