

24 October 2023

ASX to fall, bond volatility persists, Bullock speech on radar

- **Global markets.** The Nasdaq Composite ticked higher on Monday as Treasury yields retreated from their highs and traders looked ahead to the release of corporate earnings from tech industry giants.

The Dow Jones Industrial Average slipped 190.87 points, or 0.58%, to close at 32,936.41, while the S&P 500 fell 0.17% to 4,217.04. The tech-heavy Nasdaq Composite added 0.27% to finish the session at 13,018.33.

Interest rates have soared in recent weeks, with the 10-year Treasury yield's break above 5% on Thursday marking the first such occurrence for the benchmark since July 2007. Comments from Federal Reserve Chair Jerome Powell on Thursday suggested that monetary policy could tighten further. This seemingly stoked investor concern and underpinned the rise in Treasury yields. Some analysts think the benchmark yield could still have further room to run.

The rapid rise in yields "should accelerate an already weakening economic picture that is masked by higher rates," said Canaccord Genuity chief market strategist Tony Dwyer in a Monday note.

- **In economic news.** Local: Speech by Michele Bullock, governor – *Monetary Policy in Australia: Complementarities and Trade-offs* – at the Commonwealth Bank of Australia Global Markets Conference, Sydney at 7pm

Overseas data: Flash October PMIs for Eurozone, UK and US; Paris-based International Energy Agency releases its world energy outlook annual report

- **In other markets.** The yield on the US 10-year note was 6 basis points lower to 4.85 per cent at 4.59pm after having spiked to 5.021 per cent, a 16-year-high, in early New York trade.

The VIX, or equity volatility measure, fell 6.2 per cent to 20.17 in Chicago..

- **Futures.** ASX futures down 15 points or 0.2% to 6842 near 7am AEDT

World Indices	Close	Prior	% Δ
<u>Local Markets</u>			
All Ordinaries	7,030.0	7,089.7	-0.8%
ASX 200	6,844.1	6,900.7	-0.8%
ASX Emerging Companies	1,851.9	1,861.3	-0.5%

<u>US Markets</u>			
Dow Jones	32,936.4	33,127.3	-0.6%
S&P500	4,217.0	4,224.2	-0.2%
Nasdaq	14,604.8	14,560.9	0.3%
Russell 2000	1,680.8	1,680.8	0.0%

<u>Asian & European Markets</u>			
Shanghai Composite	2,939.3	2,983.1	-1.5%
Nikkei	30,999.5	31,259.3	-0.8%
Hang Seng	17,172.1	17,172.1	0.0%
FTSE 100	7,374.8	14,798.5	-50.2%
DAX 30	14,800.7	14,798.5	0.0%
CAC 40	6,850.5	6,816.2	0.5%

S&P500 Sectors	Close	Prior	% Δ
Information Technology	2,914.2	2,951.8	-1.3%
Communication Services	228.9	229.9	-0.4%
Consumer Discretionary	1,199.0	1,216.6	-1.4%

Economic Releases	Time	F'cast	Prior
EU - ECB Lagarde Speech	23:30		

Key BW Names	Close	Prior	% Δ
Lotus Resources	0.215	0.215	0.0%
Elementos	0.125	0.120	4.2%
Frontier Energy	0.340	0.340	0.0%

Commodities	Close	Prior	% Δ
Oil - West Texas Crude	86.08	88.00	-2.2%
Gold	1,973	1,981	-0.4%
Gold (Aus)	3,114	3,137	-0.7%
Silver	22.96	23.36	-1.7%
Uranium (Spot)	73.50	73.00	0.7%
Tin (Futures)	24,985	24,985	0.0%
Copper	3.60	3.57	0.8%

Other Markets	Close	Prior	% Δ
SPI200 Futures	6,825.0	6,830.0	-0.1%
DX Index	106.2	106.2	0.0%
AUD/USD	0.6336	0.6313	0.4%
2-Year Treasury Yield (%)	5.047	5.077	-3 bp
10-Year Treasury Yield (%)	4.848	4.918	-7 bp
US 2-10-Year Spread	-0.199	-0.159	-4 bp
VIX Index	20.36	21.70	-6.2%