

24 October 2023

US stocks lower on heightened Middle East tensions, 10Y tops 5%

- **Global markets.** Stocks retreated Friday as a surge in the 10-year Treasury yield prompted broader concerns about the state of the economy.

The S&P 500 shed 1.26% to 4,224.16 and registered its first losing week in three. The Nasdaq Composite dropped 1.53% to 12,983.81. The Dow Jones Industrial Average lost 286.89 points, or 0.86%, to end at 33,127.28, dragged down in the session by American Express following a mixed earnings report.

Regional banks tumbled as higher rates raised worries about the sector's exposure to Treasury securities that are falling in value. Regions Financial led the decline after a weak earnings report, falling more than 12%. The SPDR S&P Regional Banking ETF (KRE) lost 4%.

- **In economic news.** Local: Michele Bullock will give her first prepared speech as governor of the RBA at 7pm on Tuesday at the Commonwealth Bank of Australia Global Markets Conference, Sydney.

Bullock at 9am on Thursday, along with and Christopher Kent, assistant governor (financial markets), is set to appear before the Senate Economics Legislation Committee (Supplementary Budget Estimates), Canberra.

Overseas data: On Thursday, European Central Bank policymakers meet and the US is scheduled to release third-quarter GDP. There will be a raft of manufacturing and services data from a range of countries on Tuesday.

- **In other markets.** The yield on the benchmark 10-year Treasury crossed 5% for the first time in 16 years on Thursday, a level that could ripple through the economy by raising rates on mortgages, credit cards, auto loans and more. Not to mention, it offers investors an attractive alternative to stocks.

The 30-year U.S. Treasury yield also hit a high last seen in July 2007. Meanwhile, the 30-year fixed mortgage rate reached 8% this week, a level not seen since 2000.

- **Futures.** ASX futures down 65 points or 0.9% to 6846 near 7am AEDT.

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

Local Markets

All Ordinaries	7,089.7	7,172.7	-1.2%
ASX 200	6,900.7	6,981.6	-1.2%
ASX Emerging Companies	1,861.3	1,873.4	-0.6%

US Markets

Dow Jones	33,127.3	33,414.2	-0.9%
S&P500	4,224.2	4,278.0	-1.3%
Nasdaq	14,560.9	14,783.1	-1.5%
Russell 2000	1,680.8	1,702.7	-1.3%

Asian & European Markets

Shanghai Composite	2,983.1	3,005.4	-0.7%
Nikkei	31,259.3	31,430.6	-0.5%
Hang Seng	17,172.1	17,295.9	-0.7%
FTSE 100	14,798.5	7,499.5	97.3%
DAX 30	14,798.5	15,045.2	-1.6%
CAC 40	6,816.2	6,921.4	-1.5%

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

Information Technology	2,902.0	2,951.8	-1.7%
Communication Services	227.3	229.9	-1.2%
Consumer Discretionary	1,196.4	1,216.6	-1.7%

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

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

Lotus Resources	0.215	0.215	0.0%
Elementos	0.120	0.125	-4.0%
Frontier Energy	0.340	0.335	1.5%

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

Oil - West Texas Crude	88.00	89.13	-1.3%
Gold	1,981	1,973	0.4%
Gold (Aus)	3,137	3,119	0.6%
Silver	23.36	23.01	1.5%
Uranium (Spot)	73.00	71.24	2.5%
Tin (Futures)	24,985	25,548	-2.2%
Copper	3.57	3.61	-1.0%

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

SPI200 Futures	6,830.0	6,924.0	-1.4%
DXY Index	106.2	106.6	-0.4%
AUD/USD	0.6313	0.6320	-0.1%
2-Year Treasury Yield (%)	5.077	5.161	-8 bp
10-Year Treasury Yield (%)	4.918	4.990	-7 bp
US 2-10-Year Spread	-0.159	-0.171	1 bp
VIX Index	21.70	21.40	1.4%