

01 February 2024

ASX to fall, Dow closes 300 points lower, Fed indicates March rate cut unlikely

- Global markets.** Stocks fell on Wednesday after Federal Reserve chairman Jerome Powell said the central bank likely wouldn't be ready to cut rates in March.

The Dow Jones Industrial Average fell 317.01 points, or 0.82% to close at 38,150.30. The S&P 500 fell 1.61% to 4,845.65. The Nasdaq Composite lost 2.23% to finish the session at 15,164.01.

Wednesday's session was markedly terrible for the major averages. It was the worst performance for the Dow since December. For the S&P 500, it was the worst day since September, and since October for the Nasdaq.

Traders were closely watching the Fed announcement for signs of when the central bank would begin to cut rates. Powell seemingly threw cold water on the markets expectation for a March cut, noting further encouraging data on inflation was needed.

Still, the central bank did do something traders wanted, which is remove the part of the statement that signaled the central bank still had a tightening bias. The Fed removed a phrase that referred to "additional policy firming."

- In economic news.** Local: CoreLogic dwelling prices January, Fourth quarter trade data at 11.30am, Dwelling approvals December at 11.30am

Overseas data: China Caixin January manufacturing PMI at 12.45pm; Eurozone January CPI at 9pm; UK Bank of England policy decision at 11pm; US construction spending December, ISM January manufacturing

- In other markets.** Bond yields trimmed their losses after the Fed released its updated statement, but the 10-year Treasury yield stayed below the 4% market.

Shortly before 2:30 pm ET, the 10-year yield was at 3.98%, down about 8 basis points on the day. The 2-year Treasury yield was down nearly 10 basis points to 4.262%.

- Futures.** ASX futures down 84 points or 1.1% to 7559 near 8am AEDT

World Indices	Close	Prior	% Δ
<u>Local Markets</u>			
All Ordinaries	7,912.8	7,835.0	1.0%
ASX 200	7,680.7	7,600.2	1.1%
ASX Emerging Companies	1,934.2	1,928.8	0.3%

<u>US Markets</u>			
Dow Jones	38,150.3	38,467.3	-0.8%
S&P500	4,845.7	4,925.0	-1.6%
Nasdaq	17,137.2	17,476.7	-1.9%
Russell 2000	1,947.3	1,996.2	-2.4%

<u>Asian & European Markets</u>			
Shanghai Composite	2,788.6	2,830.5	-1.5%
Nikkei	36,286.6	36,065.8	0.6%
Hang Seng	15,485.1	15,703.5	-1.4%
FTSE 100	7,630.6	7,666.3	-0.5%
DAX 30	16,903.8	16,972.4	-0.4%
CAC 40	7,656.8	7,677.5	-0.3%

S&P500 Sectors	Close	Prior	% Δ
Information Technology	3,529.9	3,606.2	-2.1%
Communication Services	257.9	268.5	-3.9%
Consumer Discretionary	1,367.7	1,393.5	-1.9%

Economic Releases	Time	F'cast	Prior
AU - Building Permits MoM	11:30	1.10%	1.6%
Euro - Core Inflation YoY	21:00	3.2%	3.4%
USA - Jobless Claims	0:30		

Key BW Names	Close	Prior	% Δ
Lotus Resources	0.365	0.355	2.8%
Elementos	0.086	0.086	0.0%
Frontier Energy	0.300	0.280	7.1%

Commodities	Close	Prior	% Δ
Oil - West Texas Crude	75.78	77.72	-2.5%
Gold	2,039	2,037	0.1%
Gold (Aus)	3,105	3,085	0.6%
Silver	23.16	23.16	0.0%
Uranium (Spot)	102.00	102.00	0.0%
Tin (Futures)	26,005	26,329	-1.2%
Copper	3.91	3.92	-0.2%

Other Markets	Close	Prior	% Δ
SPI200 Futures	7,559.0	7,568.0	-0.1%
DXY Index	103.4	103.5	0.0%
AUD/USD	0.6567	0.6601	-0.5%
2-Year Treasury Yield (%)	4.211	4.339	-13 bp
10-Year Treasury Yield (%)	3.916	4.036	-12 bp
US 2-10-Year Spread	-0.197	-0.197	0 bp
VIX Index	14.34	13.32	7.7%