

11 April 2024

Dow closes 400 pts lower on US CPI data, bond yields jump; ASX to drop

- **Global markets.** Stock futures dipped as Wall Street looked ahead to a second key inflation report.

Futures tied to the Dow Jones Industrial Average slid 60 points, or about 0.2%, while S&P 500 futures also lost 0.2%. Nasdaq-100 futures fell 0.14%.

The surprising print — in which consumer prices grew 0.4% in March and 3.5% from a year earlier — prompted Goldman Sachs chief economist Jan Hatzius to adjust the firm's call to two rate cuts from three in 2024. He now sees the first rate reduction happening in July.

The Dow Jones Industrial Average led Wednesday's losses, tumbling 1.09%, while the S&P 500 dropped 0.95%. The Nasdaq Composite sank 0.84%. Ten of the 11 S&P 500 sectors finished the session in negative territory, with real estate bearing the brunt of the selling pressure and posting decline of more than 4%.

The market's next key inflation tests come Thursday with March's producer price index. Economists polled by Dow Jones expect wholesale prices to have grown by 0.3% in March, and 0.2% when excluding food and energy. Separately, weekly jobless claims are also due before the bell.

- **In economic news.** Local attention will be on the New Zealand rate decision due at midday and on building activity due at 11.30am. The RBNZ is expected to hold interest rates steady.

The CPI data, due out after the Australian market closes on Wednesday night, will help shape the US Federal Reserve's stance on interest rate cuts this year.

- **In other markets.** The yield on the 10-year Treasury was last higher by more than 18 basis points at 4.548%. The yield on the 2-year Treasury was last at 4.969% after climbing 22 basis points. The US dollar surged the most since January as the market ratcheted back expectations for rate cuts. The Australian dollar dropped 1.75 per cent after the inflation data to buy US\$65.2¢. The US dollar also bought ¥153 fuelling speculation the Bank of Japan may move to defend its currency in Thursday's trading session.

- **Futures.** ASX futures down 63 points or 0.8% to 7830 near 6.40am AEST

World Indices	Close	Prior	% Δ
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Local Markets

All Ordinaries	8,109.7	8,081.2	0.4%
ASX 200	7,848.5	7,824.2	0.3%
ASX Emerging Companies	2,233.2	2,217.0	0.7%

US Markets

Dow Jones	38,461.5	38,883.7	-1.1%
S&P500	5,160.7	5,209.9	-0.9%
Nasdaq	18,011.7	18,169.9	-0.9%
Russell 2000	2,028.4	2,080.0	-2.5%

Asian & European Markets

Shanghai Composite	3,027.3	3,048.5	-0.7%
Nikkei	39,581.6	39,773.1	-0.5%
Hang Seng	17,139.2	16,828.1	1.8%
FTSE 100	7,961.2	7,934.8	0.3%
DAX 30	18,097.3	18,076.7	0.1%
CAC 40	8,045.4	8,049.2	0.0%

S&P500 Sectors	Close	Prior	% Δ
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Information Technology	3,748.8	3,776.8	-0.7%
Communication Services	290.9	291.5	-0.2%
Consumer Discretionary	1,457.6	1,475.2	-1.2%

Economic Releases	Time	F'cast	Prior
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AU - Consumer Inflation Expectations	11:00		4.3%
CHN - Inflation Rate YoY	11:30		0.7%
USA - PPI MoM	22:30	0.30%	0.60%

Key BW Names	Close	Prior	% Δ
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Lotus Resources	0.420	0.420	0.0%
Elementos	0.155	0.145	6.9%
Frontier Energy	0.340	0.340	0.0%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	86.26	85.30	1.1%
Gold	2,336	2,353	-0.7%
Gold (Aus)	3,587	3,550	1.0%
Silver	27.91	28.18	-1.0%
Uranium (Spot)	90.00	90.00	0.0%
Tin (Futures)	31,159	29,848	4.4%
Copper	4.29	4.31	-0.6%

Other Markets	Close	Prior	% Δ
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SPI200 Futures	7,828.0	7,889.0	-0.8%
DX Index	105.2	104.1	1.0%
AUD/USD	0.6512	0.6628	-1.7%
2-Year Treasury Yield (%)	4.973	4.743	23 bp
10-Year Treasury Yield (%)	4.546	4.362	18 bp
US 2-10-Year Spread	-0.197	-0.197	0 bp
VIX Index	15.81	14.97	5.6%