

3 April 2024

## Dow tumbles nearly 400 points as US data points to higher-for-longer rates; ASX to fall

- Global markets.** The Dow Jones Industrial Average fell for a second day, continuing Wall Street's lackluster start to the quarter, as bond yields rose and traders lowered expectations that the Federal Reserve would cut interest rates in June.

The second quarter for stocks is off to a rough start as sticky inflation data to end last week and some strong economic data on Monday send yields higher and reduce odds the Fed will cut rates in June.

Tesla slid 4.9% on Tuesday after publishing disappointing first-quarter deliveries. Tech giants Nvidia, Alphabet and Microsoft all ended the day lower.

Tuesday's market losses come after February's core personal consumption expenditures price index released Friday showed a 2.8% annual increase, still a ways to go from the Fed's 2% inflation target. On Monday, the Institute for Supply Management's manufacturing gauge showed expansion for the first time since September 2022.

Regional Fed Presidents Mary Daly of San Francisco and Loretta Mester of Cleveland both said Tuesday they anticipate rate cuts this year but do not expect to start easing anytime soon. Odds for a June rate cut based on fed futures trading are now down to roughly 63%, off from about 70% a week ago, according to the CME FedWatch Tool. The question now is if the momentum to start 2024 can continue if the Fed stands pat on rates.

- In economic news.** The yield on the 10-year US note was 5 basis points higher to 4.36 per cent at 4.51pm in New York.
- In other markets.** The yield on the 10-year US note was 5 basis points higher to 4.36 per cent at 4.51pm in New York.

Oil briefly topped \$US89 a barrel amid a further increasing of tensions in the Middle East after the killing of several top Iranian military officers in Damascus and the killing of seven humanitarian aid workers in Gaza

- Futures.** ASX futures down 30 points or 0.4% to 7907 near 7am AEDT

World Indices	Close	Prior	% Δ
<u>Local Markets</u>			
All Ordinaries	8,145.8	8,153.7	-0.1%
ASX 200	7,887.9	7,896.9	-0.1%
ASX Emerging Companies	2,190.8	2,149.2	1.9%

<u>US Markets</u>			
Dow Jones	39,170.3	39,566.9	-1.0%
S&P500	5,205.8	5,243.8	-0.7%
Nasdaq	18,121.8	18,293.2	-0.9%
Russell 2000	2,065.0	2,102.8	-1.8%

<u>Asian &amp; European Markets</u>			
Shanghai Composite	3,075.0	3,077.4	-0.1%
Nikkei	39,838.8	39,803.0	0.1%
Hang Seng	16,931.5	16,541.4	2.4%
FTSE 100	7,935.1	7,952.6	-0.2%
DAX 30	18,283.1	18,492.5	-1.1%
CAC 40	8,130.1	8,205.8	-0.9%

S&P500 Sectors	Close	Prior	% Δ
Information Technology	3,792.7	3,829.7	-1.0%
Communication Services	288.7	288.4	0.1%
Consumer Discretionary	1,457.6	1,476.5	-1.3%

Economic Releases	Time	F'cast	Prior
Euro - Core Inflation Rate YoY	20:00	3.00%	3.1%
USA - ISM Services PMI	1:00		
USA - Fed Chair Powell Speech	3:10		

Key BW Names	Close	Prior	% Δ
Lotus Resources	0.400	0.400	0.0%
Elementos	0.145	0.150	-3.3%
Frontier Energy	0.350	0.340	2.9%

Commodities	Close	Prior	% Δ
Oil - West Texas Crude	85.39	83.91	1.8%
Gold	2,280	2,251	1.3%
Gold (Aus)	3,499	3,469	0.9%
Silver	26.14	25.08	4.2%
Uranium (Spot)	88.00	88.00	0.0%
Tin (Futures)	27,451	27,451	0.0%
Copper	4.10	4.07	0.6%

Other Markets	Close	Prior	% Δ
SPI200 Futures	7,907.0	7,951.0	-0.6%
DXY Index	105.0	105.0	0.0%
AUD/USD	0.6522	0.6489	0.5%
2-Year Treasury Yield (%)	4.963	4.711	25 bp
10-Year Treasury Yield (%)	4.353	4.317	4 bp
US 2-10-Year Spread	-0.197	-0.197	0 bp
VIX Index	14.60	13.66	6.9%