

2 May 2024

Dow higher as Powell says Fed's next move unlikely to be a hike; ASX flat

Global markets. The Dow Jones Industrial Average closed higher on Wednesday after Federal Reserve Chair Jerome Powell largely ruled out that the central bank's next move could be a hike, easing investor worries that it was losing control of sticky inflation. The broader market finished lower, however, with losses from chipmakers dragging down the S&P 500.

The Dow added 87.37 points, or 0.23%, to close at 37,903.29. The S&P 500 lost 0.34% to close at 5,018.39, while the Nasdaq Composite slid 0.33% to settle at 15,605.48.

It was a volatile day for the major averages, with the 30-stock Dow rallying more than 530 points at its session high, spurred by Powell's comments. At one point, the S&P 500 was up 1.2%, while the Nasdaq climbed more than 1.7%.

Investors also reacted positively to the Fed saying it would tap the brakes on one way it tightens conditions for financial markets. Starting in June, the central bank said it will slow the pace at which it allows maturing bond proceeds to roll off its balance sheet without reinvesting them. This is a process known as quantitative tightening.

But stocks tied to artificial intelligence struggled during Wednesday's session, following disappointing reports from some top AI contenders. Advanced Micro Devices tumbled 8.9% after issuing an in-line current-quarter revenue forecast, while Super Micro Computer slid 14% on light revenue.

Wall Street is coming off a losing month, with the S&P 500 and the Nasdaq posting losses of more than 4%. The Dow fell 5% for its worst monthly performance since September 2022.

- **In economic news.** N/A

In other markets. The 10-year Treasury yield briefly dropped below 4.6% following Powell's comments, alleviating some investor fears that it may jump back above 5% this year and restrict the economy. Oil prices extended a slide with benchmark US WTI oil falling below \$US80 a barrel. Bitcoin also continued its tumble to lose another 4 per cent overnight and fetch just \$US57,840 this morning.

- **Futures.** ASX futures point to a 0.1 per cent fall at the opening bell as oil retreated overnight.

World Indices	Close	Prior	% Δ
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Local Markets

All Ordinaries	7,831.9	7,932.0	-1.3%
ASX 200	7,569.9	7,664.1	-1.2%
ASX Emerging Companies	2,189.0	2,205.5	-0.7%

US Markets

Dow Jones	37,903.3	37,815.9	0.2%
S&P500	17,318.6	5,035.7	243.9%
Nasdaq	5,018.4	17,440.7	-71.2%
Russell 2000	1,980.2	1,973.9	0.3%

Asian & European Markets

Shanghai Composite	3,104.8	3,104.8	0.0%
Nikkei	38,274.0	38,405.4	-0.3%
Hang Seng	17,763.0	17,763.0	0.0%
FTSE 100	8,121.3	8,144.1	-0.3%
DAX 30	17,932.2	17,932.2	0.0%
CAC 40	7,943.0	7,943.0	0.0%

S&P500 Sectors	Close	Prior	% Δ
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Information Technology	3,567.1	3,612.6	-1.3%
Communication Services	280.3	278.0	0.8%
Consumer Discretionary	1,420.6	1,420.8	0.0%

Economic Releases	Time	F'cast	Prior
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AUS - Building Permits MoM	11:30	3.00%	1.9%
USA - Jobless Claims	22:30		

Key BW Names	Close	Prior	% Δ
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Lotus Resources	0.450	0.440	2.3%
Elementos	0.170	0.180	-5.6%
Frontier Energy	0.360	0.360	0.0%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	79.00	81.22	-2.7%
Gold	2,321	2,291	1.3%
Gold (Aus)	3,557	3,540	0.5%
Silver	26.70	26.34	1.4%
Uranium (Spot)	92.00	90.00	2.2%
Global X Uranium ETF	29.67	28.77	3.1%
Sprott Uranium Miners ETF	51.86	49.75	4.2%
Sprott Physical Uranium Trust	22.00	21.28	3.4%
Tin (Futures)	31,216	32,566	-4.1%
Copper	4.56	4.54	0.4%

Other Markets	Close	Prior	% Δ
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SPI200 Futures	7,572.0	7,593.0	-0.3%
DXY Index	106.3	105.6	0.6%
AUD/USD	0.6527	0.6473	0.8%
2-Year Treasury Yield (%)	4.968	5.037	-7 bp
10-Year Treasury Yield (%)	4.641	4.682	-4 bp
US 2-10-Year Spread	-0.197	-0.197	0 bp
VIX Index	15.38	15.64	-1.7%