

17 July 2024

Dow rallies 700pts for best day in more than a year RTY2K +3%; ASX to rise

Global markets. The Dow Jones Industrial Average advanced to new highs on Tuesday, as the bull market broadened out beyond technology names on hopes of forthcoming interest rate cuts.

The Dow surged by 742.76 points, or 1.85%, to close at 40,954.48. The 30-stock index hit an all-time high and closed at a record, in addition to notching its best session since June 2023. The small cap-focused Russell 2000 rose more than 3% for its fifth straight day of gains.

The S&P 500 added 0.64%, closing at 5,667.20. The Nasdaq Composite ended the day higher by just 0.2% at 18,509.34, lagging as technology names largely sat out of Tuesday's rally.

The rotation from megacap technology shares into small-cap and cyclical stocks began a week ago when June's consumer price index showed the lowest inflation in three years. The reading was seen as a sign that inflation was nearing the Federal Reserve's 2% target, and the central bank might be able to lower interest rates.

Traders now see 100% odds the Fed will lower rates in September, according to the CME FedWatch tool. A rate cut is seen as boosting small caps and industrials more reliant on borrowing costs than cash-rich, megacap technology stocks that have been riding a wave of optimism around artificial intelligence.

In the last one week alone, the Russell 2000 has soared more than 11%, while the blue-chip Dow has gained more than 4%. The Nasdaq is up just 0.4% over the same period.

- In economic news.** Local: NZ second quarter CPI at 8.45am
 Overseas data: UK June CPI at 4pm; Eurozone June CPI at 7pm; US June housing starts, mortgage applications, industrial production, Fed Beige Book at 4am Thursday AEST
- In other markets.** The yield on the US 10-year note slid 7 basis points to 4.16 per cent at 4.59pm. The probability of a rate cut at the Federal Reserve's September 17-18 policy meeting reached 100 per cent, according to CME futures.
- Futures.** ASX futures rose 55 points, or 0.7 per cent, near 7am AEST.

World Indices	Close	Prior	% Δ
<u>Local Markets</u>			
All Ordinaries	8,243.3	8,133.4	1.4%
ASX 200	7,999.3	7,889.6	1.4%
ASX Emerging Companies	2,196.6	2,179.0	0.8%
<u>US Markets</u>			
Dow Jones	40,954.5	39,753.8	3.0%
S&P500	5,667.2	5,584.6	1.5%
Nasdaq	20,398.6	20,211.4	0.9%
Russell 2000	2,263.7	2,125.0	6.5%
<u>Asian & European Markets</u>			
Shanghai Composite	2,976.3	2,970.4	0.2%
Nikkei	41,274.9	42,224.0	-2.2%
Hang Seng	17,728.0	17,832.3	-0.6%
FTSE 100	8,164.9	8,223.4	-0.7%
DAX 30	18,518.0	18,534.6	-0.1%
CAC 40	7,580.0	7,627.1	-0.6%
S&P500 Sectors	Close	Prior	% Δ
Information Technology	4,532.2	4,489.8	0.9%
Communication Services	309.8	313.2	-1.1%
Consumer Discretionary	1,572.6	1,539.2	2.2%
Economic Releases	Time	F'cast	Prior
AUS - Westpac Leading Index MoM	11:00		0.00%
Euro - Core Inflation Rate YoY	19:00	2.90%	2.90%
USA - Building Permits	22:30		
Key BW Names	Close	Prior	% Δ
Lotus Resources	0.345	0.370	-6.8%
Elementos	0.120	0.110	9.1%
Frontier Energy	0.585	0.550	6.4%
Commodities	Close	Prior	% Δ
Oil - West Texas Crude	80.74	82.91	-2.6%
Gold	2,473	2,418	2.3%
Gold (Aus)	3,668	3,567	2.8%
Silver	31.24	31.37	-0.4%
Uranium (Spot)	86.00	87.00	-1.1%
Global X Uranium ETF	30.45	31.26	-2.6%
Sprott Uranium Miners ETF	50.32	52.79	-4.7%
Sprott Physical Uranium Trust	19.42	20.34	-4.5%
Tin (Futures)	33,246	34,350	-3.2%
Copper	4.45	4.51	-1.3%
Other Markets	Close	Prior	% Δ
SPI200 Futures	8,035.0	7,914.0	1.5%
DXY Index	104.3	104.5	-0.2%
AUD/USD	0.6729	0.6761	-0.5%
2-Year Treasury Yield (%)	4.421	4.515	-9 bp
10-Year Treasury Yield (%)	4.160	4.214	-5 bp
US 2-10-Year Spread	-0.197	-0.197	0 bp
VIX Index	13.20	12.91	2.2%