

7 August 2024

Dow 300pts higher to snap 3 day losing run in broad relief rally; ASX to slip

- Global markets.** Stocks jumped Tuesday, recovering some losses from the previous three trading days as investors took a pause from recession fears and Japanese equities rallied.

The Dow Jones Industrial Average rose 294.39 points, or 0.76%, to end at 38,997.66. The S&P 500 advanced 1.04%, closing at 5,240.03. The tech-heavy Nasdaq Composite gained 1.03% to settle at 16,366.85. The major averages snapped a three-day stretch of losses.

All 11 sectors of the broad market index were positive for the day. Several megacap tech stocks also rebounded after a sharp pullback on Monday. Nvidia rose 3.8%, while Meta Platforms advanced 3.9%.

Helping sentiment was a rebound in Japanese stocks. The Nikkei 225 posted its best day since October 2008, soaring 10.2%. That surge comes a day after the benchmark suffered its worst session since 1987, losing 12.4%.

Volatility will likely remain elevated in the near term as the yen carry trade continues to unwind, said Ross Mayfield, investment strategist at Baird.

A major unwind in the yen carry trade also contributed to the volatility. The Bank of Japan last week raised interest rates, contributing to a rise in the yen. That's affected the practice of traders borrowing in the cheaper currency to purchase other global assets. However, the yen retreated Tuesday following sharp spikes that added to worries over the carry trade.

- In economic news.** Overseas data: China trade
- In other markets.** Global bond yields also rose with the US 10-year rate up 11 basis points to 3.89 per cent. Australian bond returns also edged up with the three-year at 3.68 per cent, having rebounded from a low of 3.37 per cent touched earlier this week. The Australian dollar edged up overnight as sentiment improved to stand at US65.20¢, well off an eight-month low of US63.46¢ hit on Monday when risk assets were hammered.
- Futures.** ASX futures were down 19 points or 0.3 per cent to 7615 near 7am AEST; they fluctuated between modestly positive and modestly lower overnight.

World Indices	Close	Prior	% Δ
<u>Local Markets</u>			
All Ordinaries	7,890.1	7,859.4	0.4%
ASX 200	7,680.0	7,649.6	0.4%
ASX Emerging Companies	1,981.4	1,966.0	0.8%

<u>US Markets</u>			
Dow Jones	38,997.7	38,703.3	0.8%
S&P500	5,240.0	5,186.3	1.0%
Nasdaq	18,077.9	17,985.2	0.5%
Russell 2000	2,064.3	2,039.2	1.2%

<u>Asian & European Markets</u>			
Shanghai Composite	2,867.3	2,860.7	0.2%
Nikkei	34,675.4	31,458.4	10.2%
Hang Seng	16,647.4	16,698.4	-0.3%
FTSE 100	8,026.7	8,008.2	0.2%
DAX 30	17,354.3	17,339.0	0.1%
CAC 40	7,130.1	7,149.0	-0.3%

S&P500 Sectors	Close	Prior	% Δ
Information Technology	3,915.2	3,872.2	1.1%
Communication Services	287.8	284.2	1.3%
Consumer Discretionary	1,384.9	1,370.6	1.0%

Economic Releases	Time	F'cast	Prior
AUS - AI Group Industry Index	9:00		
CHN - Balance of Trade	13:00		

Key BW Names	Close	Prior	% Δ
Lotus Resources	0.230	0.240	-4.2%
Elementos	0.100	0.105	-4.8%
Frontier Energy	0.410	0.430	-4.7%

Commodities	Close	Prior	% Δ
Oil - West Texas Crude	72.88	74.19	-1.8%
Gold	2,428	2,410	0.8%
Gold (Aus)	3,662	3,698	-1.0%
Silver	26.92	27.27	-1.3%
Uranium (Spot)	83.00	83.00	0.0%
Global X Uranium ETF	24.11	23.94	0.7%
Sprott Uranium Miners ETF	40.18	39.96	0.6%
Sprott Physical Uranium Trust	17.46	17.26	1.2%
Tin (Futures)	29,484	30,188	-2.3%
Copper	4.00	4.02	-0.6%

Other Markets	Close	Prior	% Δ
SPI200 Futures	7,615.0	7,576.0	0.5%
DX Index	102.7	103.2	-0.5%
AUD/USD	0.6522	0.6511	0.2%
2-Year Treasury Yield (%)	3.992	3.902	9 bp
10-Year Treasury Yield (%)	3.901	3.779	12 bp
US 2-10-Year Spread	-0.197	-0.197	0 bp
VIX Index	27.70	38.56	-28.2%