

19 September 2024

Dow closes lower, giving up 375 point pop post Fed rate cut; ASX to fall

- Global markets.** Stocks closed lower Wednesday in a volatile session as the Federal Reserve lowered interest rates in a half-percentage-point move. The outsized rate cut was cheered initially by traders, though it did raise concerns the Fed was trying to get ahead of potential economic weakness.

The Dow Jones Industrial Average slid 103.08 points, or 0.25%, to end the day at 41,503.10. It was up as much as 375.79 points just after the Fed decision.

The S&P 500 lost 0.29% and closed at 5,618.26. The Nasdaq Composite dropped 0.31% to 17,573.30. The S&P 500 and the Dow both touched records initially before falling back.

The Fed lowered its overnight lending rate to a range of 4.75% to 5.00% from 5.25% to 5.5%, the first rate cut in four years as inflation levels ease from the levels seen two years ago.

Traders in the week leading up to the decision increasingly hoped the central bank would cut by a half point rather than its traditional quarter-point move. They got what they hoped for, but stocks failed to hold their gains.

Stocks rolled over nonetheless despite Powell's comments. Part of the decline may be due to the sizable rally leading into Wednesday's much-anticipated cut. The S&P 500 is up nearly 18% on the year and more than 1% in the past one month.

- In economic news.** Local: NZ second quarter GDP at 8.45am; Labour force data for August at 11.30am
 Overseas data: Bank of England policy decision at 9pm; US weekly jobless claims at 10.30pm; US August leading index and existing home sales at 12am.
- In other markets.** Gold briefly surged more than 1 per cent, rising above \$US2600 an ounce for the first time. Oil briefly reversed a modest loss, but was down more than 1 per cent late in New York's day. The Australian dollar briefly topped US68¢; as the local open approached it was little changed.
- Futures.** ASX futures are down 38 points, or 0.5 per cent near 7am AEST having climbed to a record in the lead up to the Fed meeting.

World Indices	Close	Prior	% Δ
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Local Markets			
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All Ordinaries	8,364.3	8,341.1	0.3%
ASX 200	8,142.1	8,121.6	0.3%
ASX Emerging Companies	2,153.3	2,150.7	0.1%

US Markets			
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Dow Jones	41,503.1	41,622.1	-0.3%
S&P500	5,618.3	5,633.1	-0.3%
Nasdaq	19,344.5	19,423.1	-0.4%
Russell 2000	2,206.3	2,189.2	0.8%

Asian & European Markets			
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Shanghai Composite	2,717.3	2,704.1	0.5%
Nikkei	36,380.1	36,581.7	-0.6%
Hang Seng	17,660.0	17,369.1	1.7%
FTSE 100	8,253.7	8,278.5	-0.3%
DAX 30	18,711.5	18,633.1	0.4%
CAC 40	7,444.9	7,449.5	-0.1%

S&P500 Sectors	Close	Prior	% Δ
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Information Technology	4,221.2	4,246.7	-0.6%
Communication Services	301.9	300.6	0.4%
Consumer Discretionary	1,548.4	1,541.8	0.4%

Economic Releases	Time	F'cast	Prior
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AUD - Employment Change	11:30		
AUD - Unemployment Rate	11:30	4.20%	4.20%
USD - Initial Jobless Claims	22:30		

Key BW Names	Close	Prior	% Δ
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Lotus Resources	0.230	0.240	-4.2%
Elementos	0.089	0.089	0.0%
Frontier Energy	0.225	0.230	-2.2%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	69.27	70.43	-1.6%
Gold	2,585	2,610	-1.0%
Gold (Aus)	3,782	3,825	-1.1%
Silver	30.19	30.76	-1.9%
Uranium (Spot)	83.00	83.00	0.0%
Global X Uranium ETF	25.18	25.61	-1.7%
Sprott Uranium Miners ETF	40.05	40.97	-2.2%
Sprott Physical Uranium Trust	17.66	17.98	-1.8%
Tin (Futures)	31,855	31,805	0.2%
Copper	4.27	4.27	0.0%

Other Markets	Close	Prior	% Δ
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SPI200 Futures	8,167.00	8,168.00	0.0%
DX Index	101.0	101.1	-0.1%
AUD/USD	0.6769	0.6752	0.3%
2-Year Treasury Yield (%)	3.63	3.56	7 bp
10-Year Treasury Yield (%)	3.71	3.62	10 bp
US 2-10-Year Spread	0.09	0.06	2 bp
VIX Index	18.22	17.13	6.4%