

20 September 2024

Dow and S&P500 closes at record highs after Fed slashes rates; ASX to rise

- Global markets.** Stocks jumped Thursday, with the Dow Jones Industrial Average and S&P 500 rising to new all-time highs, as traders cheered the Federal Reserve's Wednesday decision to lower interest rates by a half percentage point.

The 30-stock index advanced 522.09 points, or 1.26%, ending at 42,025.19, marking its first close above the 42,000 threshold. The S&P 500 rose 1.7% to close at 5,713.64, topping 5,700 for the first time. The Nasdaq Composite surged 2.51% to end at 18,013.98.

Traders got some validation that the Fed was engineering a soft landing for the economy on Thursday as weekly jobless claims fell by 12,000 to 219,000, which was far below estimates.

Tech stocks rallied as the rate cut spurred investors to return to a risk-on mood. Nvidia and AMD shares popped about 4% and nearly 6%, respectively. Micron Technology added 2.2%. Other Big Tech stocks such as Meta Platforms and Alphabet advanced 3.9% and 1.5%, respectively.

Stocks leveraged to lower rates spurring the economy also jumped Thursday. Financial giant JPMorgan Chase rose 1.4%. Industrial stock Caterpillar and Home Depot gained 5.1% and 1.7%, respectively.

The Fed slashed its overnight lending rate to a range of 4.75% to 5.00% from 5.25% to 5.50% on Wednesday, which came as a surprise to some investors who criticized the size of this initial cut. This is the first rate reduction delivered by the Fed in four years.

- In economic news.** No local data
 Overseas data: Japan August CPI at 9.30am; Bank of Japan policy meeting; China resets prime loan rates; Eurozone consumer confidence; UK August retail sales at 4pm.
- In other markets.** U.S. crude oil is rallying, rising 2% to trade above \$72 per barrel, clawing back its losses for the year.
- Futures.** ASX futures were up 31 points, or 0.4 per cent, at 8am AEST.

World Indices	Close	Prior	% Δ
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Local Markets

All Ordinaries	8,417.0	8,364.3	0.6%
ASX 200	8,191.9	8,142.1	0.6%
ASX Emerging Companies	2,195.1	2,153.3	1.9%

US Markets

Dow Jones	42,025.2	41,503.1	1.3%
S&P500	5,713.7	5,618.3	1.7%
Nasdaq	19,839.8	19,344.5	2.6%
Russell 2000	2,252.7	2,206.3	2.1%

Asian & European Markets

Shanghai Composite	2,736.0	2,717.3	0.7%
Nikkei	37,155.3	36,380.1	2.1%
Hang Seng	18,013.2	17,660.0	2.0%
FTSE 100	8,328.7	8,253.7	0.9%
DAX 30	19,002.4	18,711.5	1.6%
CAC 40	7,615.4	7,444.9	2.3%

S&P500 Sectors	Close	Prior	% Δ
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Information Technology	4,351.3	4,221.2	3.1%
Communication Services	307.6	301.9	1.9%
Consumer Discretionary	1,582.5	1,548.4	2.2%

Economic Releases	Time	F'cast	Prior
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JPY - National Consumer Price Index YoY	9:30		2.80%
CNY - PBoC Interest Rate Decision	11:15	3.35%	3.35%
EUR - ECB Lagarde Speech	1:00		

Key BW Names	Close	Prior	% Δ
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Lotus Resources	0.250	0.230	8.7%
Elementos	0.085	0.089	-4.5%
Frontier Energy	0.235	0.225	4.4%

Commodities	Close	Prior	% Δ
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Oil - West Texas Crude	71.07	69.27	2.6%
Gold	2,612	2,585	1.0%
Gold (Aus)	3,799	3,782	0.4%
Silver	30.79	30.19	2.0%
Uranium (Spot)	83.00	83.00	0.0%
Global X Uranium ETF	26.10	25.18	3.7%
Sprott Uranium Miners ETF	41.54	40.05	3.7%
Sprott Physical Uranium Trust	18.16	17.66	2.8%
Tin (Futures)	31,594	31,855	-0.8%
Copper	4.34	4.27	1.6%

Other Markets	Close	Prior	% Δ
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SPI200 Futures	8,281.00	8,167.00	1.4%
DX Index	100.9	101.0	-0.1%
AUD/USD	0.6810	0.6769	0.6%
2-Year Treasury Yield (%)	3.59	3.63	-4 bp
10-Year Treasury Yield (%)	3.72	3.71	1 bp
US 2-10-Year Spread	0.13	0.09	5 bp
VIX Index	16.34	18.22	-10.3%