# Morning Report

iInvest Securities

**16 February 2022**

## Global Markets Update

- **U.S.** Equity markets closed higher overnight, with the S&P 500 up +1.6%, NASDAQ up +2.5% and Dow Jones gaining +1.2%. Prices paid to U.S. producers jumped in January by more than forecast with PPI for final demand increasing +9.7% yoy (+1.0% MoM), pointing to persistent inflationary pressures as companies contend with supply-chain and labor constraints.

- **Long-dated U.S. treasury yields** were higher, with the 2-Yr yield at 1.577% and the 10-Yr yield at 2.052%.

- **European markets.** European equity markets closed higher overnight, with Stoxx Europe 600 up +1.4% and U.K. FTSE 100 up +1.0%. German DAX gained +2.0%, after data revealed investor confidence in Germany's economic recovery improved further in February, as the country edges closer to loosening its coronavirus restrictions.

- **Asian markets.** Asian equity markets closed mostly lower overnight, with the Shanghai Composite up +0.5%, after PBOC stepped up support for the slowing economy, injecting a net 100bn yuan into the banking system with its medium-term lending facility, while leaving the borrowing rate unchanged. Both the Hang Seng and Nikkei 225 were down -0.8% and KOSPI declined -1.0%. Japan's economy returned to growth in 4Q21, with GDP increasing an annualized +5.4% qoq, fueled by the power of consumer spending.

- **WTI oil** declined -3.8% and is trading at US$91.85 a barrel, as U.S.-Russia tensions eased after President Vladimir Putin said he hopes for a diplomatic solution to tensions with the U.S. and its allies and announced a partial pullback of thousands of troops massed near the Ukrainian border. **Iron ore price** is at US$135.87 per ton. **Spot gold** is trading at US$1,853 per oz.

## ASX Market Update

- **ASX performance.** The S&P/ASX 200 closed -0.51% lower yesterday.

- **Sims Ltd (SGM)** surged +13.7%, after reporting 1H22 net income of A$253.2m, up +377.7% y/y and declaring interim dividend of 41cps. **SEEK Ltd (SEK)** was up +6.1%, after reporting 1H22 net income of A$88.1m, up +32% y/y and upgrading FY22 NPAT (excluding Seek Growth Fund) guidance to A$230-250m.

- **Today's trading.** In China, CPI and PPI data is to be published.

**Figure 1: Key Market Summary**

| ASX Performance | 1D Chg (%) | 5D Chg (%) |
|---|---|---|
| ASX/S&P 200 | -0.51% | 0.3% |
| ASX/S&P All Ords | -0.59% | 0.0% |
| **By Sector** | | |
| Banks | -1.11% | 6.0% |
| Insurance | -0.17% | 0.7% |
| Diversified Financials | -0.42% | -3.4% |
| Real Estate | 0.90% | -0.8% |
| Consumer Discretionary | 0.52% | 0.1% |
| Industrials | 0.29% | -1.6% |
| Telcos | -0.25% | -0.6% |
| Utilities | -1.88% | -1.6% |
| Healthcare | -0.59% | -4.4% |
| Consumer Staples | 0.75% | 0.3% |
| Energy | -3.10% | -1.4% |
| Metals & Mining | -1.03% | -1.1% |

| ASX200 Top 5 | Price (A$) | 1D Chg (%) |
|---|---|---|
| SIMS LTD | 17.04 | 13.7% |
| BRAMBLES LTD | 10.00 | 6.2% |
| SEEK LTD | 29.47 | 6.1% |
| BLOCK INC - CDI | 156.50 | 4.2% |
| JB HI-FI LTD | 53.70 | 3.8% |

| ASX200 Bottom 5 | Price (A$) | 1D Chg (%) |
|---|---|---|
| BEACH ENERGY LTD | 1.46 | -10.5% |
| CHALICE MINING LTD | 7.46 | -9.6% |
| MINERAL RESOURCES LTD | 48.44 | -5.3% |
| FORTESCUE METALS GROU | 21.59 | -5.1% |
| RESOLUTE MINING LTD | 0.30 | -4.8% |

| Market Valuations | PE-Multiple | Div. Yield |
|---|---|---|
| ***ASX200*** | ***16.6.x*** | ***4.0%*** |
| FTSE 100 Index | 12.2.x | 3.8% |
| DAX Index | 13.7.x | 2.9% |
| CAC 40 Index | 14.0.x | 3.0% |
| S&P 500 Index | 20.1.x | 1.5% |
| Dow Jones Ind. Avg | 18.4.x | 2.0% |
| NASDAQ | 25.7.x | 0.7% |
| NZX All Ords | 30.5.x | 2.7% |
| HANG SENG Index | 11.5.x | 3.0% |
| NIKKEI 225 | 16.4.x | 2.0% |
| Shanghai Composite | 11.1.x | 2.7% |

Source: Bloomberg, BTIG

**Figure 2: Around the Grounds – Price movements across key markets**

| | Units | Current Value | Price Performance (% Chg) 1-day | 1-month | 6-months | 1-year |
|---|---|---|---|---|---|---|
| **Developed Markets Equities** | | | | | | |
| Dow Jones | USD | 34,989 | 1.2% | -2.6% | -1.5% | 11.2% |
| S&P 500 | USD | 4,471 | 1.6% | -4.1% | 0.1% | 13.6% |
| NASDAQ Composite | USD | 14,140 | 2.5% | -5.1% | -4.6% | 0.3% |
| Stoxx Europe 600 | EUR | 468 | 1.4% | -2.8% | -1.7% | 11.5% |
| FTSE 100 (UK) | GBP | 7,609 | 1.0% | 0.9% | 5.4% | 12.6% |
| DAX (Germany) | EUR | 15,413 | 2.0% | -3.0% | -3.5% | 9.2% |
| CAC (France) | EUR | 6,980 | 1.9% | -2.3% | 1.2% | 20.6% |
| Nikkei 225 | JPY | 26,865 | -0.8% | -4.5% | -2.4% | -11.8% |
| ASX 200 | AUD | 7,207 | -0.5% | -2.5% | -5.0% | 4.2% |
| ASX 200 Futures | AUD | 7,174 | 1.0% | -1.8% | -3.1% | 7.4% |
| **Emerging Markets Equities** | | | | | | |
| MSCI Emerging Markets | USD | 1,220 | -1.6% | -2.9% | -4.7% | -15.1% |
| Hang Seng (HK) | HKD | 24,356 | -0.8% | -0.1% | -7.0% | -20.8% |
| Shanghai Composite | CNY | 3,446 | 0.5% | -2.1% | -2.0% | -5.7% |
| Korea | KRW | 2,677 | -1.0% | -8.4% | -15.6% | -15.4% |
| Taiwan | TWD | 17,952 | -0.3% | -2.5% | 6.5% | 13.6% |
| Brazil | BRL | 114,739 | 0.7% | 7.3% | -5.3% | -3.9% |
| Bombay Stock Exchange (India) | INR | 58,142 | 3.1% | -5.0% | 4.6% | 11.6% |
| South Africa | ZAR | 69,169 | 0.1% | 1.1% | 9.3% | 12.2% |
| **Foreign Exchange** | | | | | | |
| AUDUSD | Currency | 0.7150 | 0.3% | -0.9% | -2.6% | -8.1% |
| AUDGBP | Currency | 0.5282 | -0.3% | 0.1% | 0.3% | 6.0% |
| AUDEUR | Currency | 0.6295 | 0.1% | 0.4% | -1.0% | 1.9% |
| AUDCNY | Currency | 4.53 | 0.0% | 1.1% | 4.9% | 10.9% |
| **Commodities** | | | | | | |
| LME ALUMINUM 3MO ($) | USD/mt | 3,215 | 2.5% | 8.0% | 23.6% | 53.8% |
| LME COPPER 3MO ($) | USD/mt | 9,920 | 0.6% | 2.1% | 3.7% | 19.1% |
| LME NICKEL 3MO ($) | USD/mt | 23,170 | 0.5% | 4.4% | 17.9% | 24.8% |
| SILVER FUTURE May22 | USD/oz | 23.44 | -1.9% | 2.1% | -2.0% | -14.7% |
| ICE Newc Coal Fut Apr22 | USD/mt | 190.00 | -0.7% | 11.1% | 50.3% | 147.1% |
| 62% Import Fine Ore in USD | USD/t | 135.87 | -0.9% | 15.5% | -17.8% | -15.1% |
| Gold Spot $/Oz | USD/oz | 1,853 | -1.0% | 1.8% | 3.6% | 1.9% |
| WTI Oil | USD/bbl | 91.85 | -3.8% | 10.3% | 38.9% | 70.0% |
| Henry Hub | USD/mmBtu | 4.05 | 3.3% | -7.1% | 3.8% | -32.6% |
| Corn | USD/Bu | 637.00 | -2.9% | 6.8% | 12.1% | 18.2% |
| Wheat | USD/Bu | 778.25 | -2.6% | 5.0% | 2.1% | 22.2% |
| **Fixed Interest** | | | | | | |
| ***10-Yr Bond Yield*** | | | | | | |
| Australia | AUD | 2.19% | 2.3% | 18.2% | 79.8% | 65.5% |
| US | USD | 2.05% | 3.3% | 15.0% | 60.7% | 69.8% |
| Germany | EUR | 0.31% | 8.8% | 769.6% | 166.0% | 180.8% |
| Japan | JPY | 0.22% | 0.5% | 53.1% | 606.5% | 170.4% |
| Italy | EUR | 1.96% | -0.7% | 53.7% | 258.4% | 271.3% |
| ***Australian Rates*** | | | | | | |
| Cash Rate | AUD | 0.10% | 0.0% | 0.0% | 0.0% | 0.0% |
| 90-Day BBSW | AUD | 0.08% | 0.0% | 15.4% | 400.0% | 900.0% |
| 180-Day BBSW | AUD | 0.28% | 0.0% | 17.0% | 685.7% | 1275.0% |
| **CBOE Options** | | | | | | |
| CBOE VIX (Volatility Index) | Index | 25.48 | -10.1% | 32.8% | 64.9% | 27.6% |

Source: BTIG, Bloomberg

# Research – Sales & Trading