

Morning Report

Tuesday, 5 October 2021

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)		
S&P/ASX 200	7,279	1.3%	Last		Overnight Chg			Australia		
US Dow Jones	34,003	-0.9%	10 yr bond	98.48	0.00			90 day BBSW	0.02	0.00
Japan Nikkei	28,445	-1.1%	3 yr bond	99.50	0.00			2 year bond	0.05	0.00
China Shanghai	3,740	0.9%	3 mth bill rate	99.97	0.00			3 year bond	0.33	0.00
German DAX	15,037	-0.8%	SPI 200	7,176.0	-68			3 year swap	0.55	0.01
UK FTSE100	7,011	-0.2%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	1.49	0.00
Commodities (close & change)*			TWI	60.7	-	-	60.7	United States		
CRB Index	233.1	2.7	AUD/USD	0.7260	0.7304	0.7251	0.7281	3-month T Bill	0.03	-0.01
Gold	1,760.98	4.0	AUD/JPY	80.51	81.18	80.49	80.81	2 year bond	0.28	0.01
Copper	9,131.50	191.0	AUD/GBP	0.5354	0.5370	0.5345	0.5353	10 year bond	1.48	0.02
Oil (WTI)	77.62	1.7	AUD/NZD	1.0460	1.0486	1.0439	1.0455	Other (10 year yields)		
Coal (thermal)	158.10	7.7	AUD/EUR	0.6259	0.6276	0.6246	0.6268	Germany	-0.21	0.01
Coal (coking)	376.33	0.3	AUD/CNH	4.6795	4.7055	4.6778	4.7017	Japan	0.05	-0.01
Iron Ore	115.80	-1.3	USD Index	93.9	94.1	93.7	93.8	UK	1.01	0.01

Data as at 7:30am AEST. Change from previous trading day (excluding the SFE which is the change during the night session). Source: Bloomberg.

Main Themes: US equities dragged lower again amid concerns around stalling global growth, persistently high inflation and rising interest rates. US bond yields were contained while the US dollar was slightly weaker.

Share Markets: The sell-off in US equities resumed with the Dow down 0.9%, the S&P 500 falling 1.3% and the Nasdaq dropping 2.1%. The ASX 200 rose 1.3%.

Interest Rates: US 10-year treasury yields finished mostly unchanged at 1.48% while 2-year yields edged up 2 basis points to 0.28%.

Australian 10-year and 3-year futures yields were largely unchanged at 1.53% and 0.51% respectively.

Foreign Exchange: The AUD/USD ranged from 0.7251 to 0.7304 and is currently trading at 0.7281. The US dollar edged lower.

Commodities: The WTI crude oil price rose to its highest level in 8 years after OPEC+ resisted calls to accelerate production amid supply fears in Europe and China. Ministers confirmed OPEC+ will increase output up to 400,000 per day in November. Markets were expecting an increase of around 800,000.

Gold firmed, iron ore edged lower.

COVID-19: NSW recorded 623 new cases yesterday and six deaths. Victoria recorded 1,377 new cases and four deaths. Elsewhere, the ACT recorded 28

new cases and two deaths, Queensland recorded one new case, and SA recorded one new case.

Australia: On Friday, the NSW Premier, Gladys Berejiklian, resigned as Premier and from Parliament as the NSW Independent Commission Against Corruption (ICAC) announced an investigation into whether Ms Berejiklian breached public trust.

Over the long weekend, NSW Deputy Premier, John Barilaro, and Transport Minister, Andrew Constance, also announced their retirement from Parliament. The resignations will trigger by-elections across the seats of Willoughby, Monaro and Bega.

Melbourne Institute headline inflation expectations rose to 2.7% from 2.5% in September, while expectations for trimmed mean inflation increased to 2.6% from 2.3%.

Eurozone: Investor confidence declined for the third straight month to 16.9 in October. The latest score was the lowest since April 2021.

United States: Factory orders rose 1.2% in August, following 0.7% growth in July. Excluding transport, the gains were more modest, with 0.5% growth in the month. The solid increase points to sustained strength in manufacturing despite shortages of materials and labour.

Durable goods orders were confirmed to have

increased 1.8% in August, in line with the preliminary estimate.

St. Louis Fed President Bullard continued to warn of upside inflation risks, flagging it could take longer than expected for inflation pressures to subside and that this could start to shift inflation expectations.

Today's key data and events:

AU ANZ Job Ads Sep prev -2.5% (11:30am)
AU Trade Bal. Aug exp \$10.3bn prev \$12.1bn (11:30am)
AU RBA Board Meeting (2:30pm)
Cash Rate exp 0.10% prev 0.10%
EU Markit Serv. PMI Sep F exp 56.3 prev 56.3 (7pm)
EU PPI Aug y/y exp 13.4% prev 12.1% (8pm)
UK Markit/CIPS Services PMI Sep F prev 54.6 (7:30pm)
US Trade Bal. Aug exp -\$70.5bn prev -\$70.1bn (11:30pm)
US Markit Serv. PMI Sep F exp 54.4 prev 54.4 (12:45am)
US ISM Non-Mfg Sep exp 59.8 prev 61.7 (1am)

Times are AEST. All data forecasts are m/m or q/q and seasonally adjusted unless otherwise specified. Forecasts for Australian data are our forecasts and for other countries they are consensus forecasts.

Matthew Bunny, Economist

Ph: (02) 8254 0023

Contact Listing

Chief Economist

Besa Deda
dedab@banksa.com.au
(02) 8254 3251

Economist

Matthew Bunny
matthew.bunny@banksa.com.au
(02) 8254 0023

Senior Economist

Jarek Kowcza
jarek.kowcza@banksa.com.au
0481 476 436

Research Assistant (Secondment)

Sonali Patel
sonali.patel@banksa.com.au
(02) 8254 0030

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