

# Morning Report

Wednesday, 9 June 2021

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)		
S&P/ASX 200	7,293	0.1%	<b>Last</b>		<b>Overnight Chg</b>			<b>Australia</b>		
US Dow Jones	34,600	-0.1%	10 yr bond	98.47	0.02			90 day BBSW	0.02	0.00
Japan Nikkei	28,964	-0.2%	3 yr bond	99.81	0.00			2 year bond	0.05	0.01
China Shanghai	3,753	-0.5%	3 mth bill rate	99.98	0.00			3 year bond	0.28	-0.01
German DAX	15,641	-0.2%	SPI 200	7,314.0	10			3 year swap	0.33	0.00
UK FTSE100	7,095	0.3%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	1.61	-0.03
Commodities (close & change)*			TWI	63.7	-	-	63.8	<b>United States</b>		
CRB Index	211.2	1.7	AUD/USD	0.7758	0.7764	0.7732	0.7737	3-month T Bill	0.02	0.01
Gold	1,892.89	-6.3	AUD/JPY	84.76	84.86	84.64	84.73	2 year bond	0.15	-0.04
Copper	9,883.75	-57.5	AUD/GBP	0.5472	0.5481	0.5465	0.5467	10 year bond	1.53	-0.04
Oil (WTI)	70.05	0.8	AUD/NZD	1.0732	1.0760	1.0720	1.0750	<b>Other (10 year yields)</b>		
Coal (thermal)	116.75	1.2	AUD/EUR	0.6363	0.6367	0.6347	0.6356	Germany	-0.22	-0.03
Coal (coking)	166.83	2.5	AUD/CNH	4.9550	4.9601	4.9457	4.9519	Japan	0.08	-0.01
Iron Ore	202.25	1.6	USD Index	90.0	90.2	90.0	90.1	UK	0.77	-0.04

Data as at 9:00am. Change from previous trading day (excluding the SFE which is the change during the night session). Source: Bloomberg.

**Main Themes:** Markets were trading water ahead of the US inflation report tomorrow. US equities hovered around record highs while bond yields declined.

**Share Markets:** US equities closed near record highs. The S&P 500 ended little changed while the Dow edged 0.1% lower. The Dax declined 0.2% and the ASX 200 rose 0.1%

**Interest Rates:** US 10-year treasury yields fell 4 basis points to 1.53% while Australian 10-year yields were down 3 basis points.

**Foreign Exchange:** The Australian dollar traded between 0.7732 and 0.7764. The US dollar moved slightly higher.

**Commodities:** Oil edged higher alongside expectations of a tightening in US supply and ongoing signs of a solid economic recovery. Gold and copper slipped.

**Australia:** Business conditions climbed to a new high again in May, beating the peak set in the previous month. The index increased to 37, from 32 in April. Confidence edged 3 points lower to 20, although this is still the third strongest print on record.

Conditions and confidence have been above average levels for longer than six months straight. Businesses are more likely to hire staff and increase investment when they see sustained improvements in operating conditions and the outlook.

The evidence of improvement in activity is broad-based across industries and states. In trend terms, conditions are strongest in the finance, property & business sector, and the wholesale industries. They are weakest in the transport & utilities and construction industries.

Low interest rates and generous tax incentives will continue to prop up conditions and confidence for businesses. The run of solid readings for business confidence and elevated capacity utilisation point to an ongoing recovery in business investment and further jobs growth.

**Japan:** Japan's economy shrank by 1.0% in the March quarter, with an annualised decline of 3.9%, according to the final figures. These final figures were an improvement from the preliminary data set that reported a fall of 1.3% in the quarter.

Looking forward, the second quarter could see another contraction in GDP as the country faces its second state of emergency to curb increasing COVID-19 infections rates.

**Europe:** Euro area GDP for the March quarter was revised to -0.3% from -0.6%. Over the year GDP contracted 1.3%. Pent up demand and large household savings are expected to drive a strong recovery in the coming period.

The ZEW expectations of economic growth in Germany disappointed, falling to 79.8 from 84.4, even though the assessment of current conditions

was better than expected. The decline in growth expectations likely largely reflects the considerably better assessment of current conditions.

**United States:** US job openings rose in April to a record 9.3 million from a revised 8.3 million in March, consistent with anecdotes of strong demand for labour as the economy reopens.

The US trade deficit narrowed for the first time this year in April, as exports increased and imports fell. The deficit narrowed to \$68.9 billion from \$74.4 billion in the previous month. The improvement in economies around the world is beginning to drive demand for US products and services.

**Today's key data and events:**

AU RBA's Kent Gives Speech at Online Webinar (9:30am)

AU WBC-MI Consumer Sentiment June prev 113.1  
(10:30am)

AU Weekly Payrolls Jobs & Wages May 22 (11:30am)

CH CPI May y/y exp 1.6% prev 0.9% (11:30am)

CH PPI May y/y exp 8.5% prev 6.8% (11:30am)

NZ ANZ Business Confidence Jun prev 1.8 (11:00am)

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.

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