

# Morning Report

Thursday, 9 September 2021

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)		
S&P/ASX 200	7,512	-0.2%	Last		Overnight Chg			Australia		
US Dow Jones	35,031	-0.2%	10 yr bond	98.75	0.03			90 day BBSW	0.01	0.00
Japan Nikkei	30,181	0.9%	3 yr bond	99.71	0.01			2 year bond	0.01	0.00
China Shanghai	3,852	0.0%	3 mth bill rate	99.99	0.00			3 year bond	0.30	0.01
German DAX	15,610	-1.5%	SPI 200	7,478.0	-35			3 year swap	0.43	0.00
UK FTSE100	7,096	-0.8%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	1.30	0.04
Commodities (close & change)*			TWI	61.8	-	-	61.7	United States		
CRB Index	219.3	1.4	AUD/USD	0.7389	0.7404	0.7345	0.7367	3-month T Bill	0.04	0.00
Gold	1,789.26	-5.1	AUD/JPY	81.48	81.65	80.97	81.23	2 year bond	0.22	0.00
Copper	9,228.50	-105.2	AUD/GBP	0.5360	0.5369	0.5344	0.5348	10 year bond	1.34	-0.04
Oil (WTI)	69.30	1.0	AUD/NZD	1.0409	1.0410	1.0368	1.0372	Other (10 year yields)		
Coal (thermal)	159.55	3.3	AUD/EUR	0.6239	0.6248	0.6217	0.6233	Germany	-0.32	0.00
Coal (coking)	314.00	21.7	AUD/CNH	4.7748	4.7825	4.7465	4.7559	Japan	0.05	0.00
Iron Ore	130.50	-1.3	USD Index	92.5	92.9	92.5	92.7	UK	0.74	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:** Investor appetite for risk waned, as concerns about the delta variant and reduced central bank stimulus mounted. The US Beige Book also suggested economic activity had shifted down slightly.

**Share Markets:** US share markets extended their losses. The S&P 500 fell for the third straight session. The S&P 500 lost 6 points (or -0.2%). And the Dow dropped 69 points (or -0.2%) and the Nasdaq 88 points (or -0.6%).

**Interest Rates:** The US 2-year bond yield finished unchanged at 0.22% but the 10-year bond yield dropped 4 basis points.

**Foreign Exchange:** The AUD/USD lifted to an overnight high of 0.7404 in early trade and then fell to 0.7345 before recovering most of its losses. Since hitting a recent high of 0.7478 on September 3, the AUD/USD has remained under selling pressure.

**Commodities:** Commodity prices were mixed overnight. Gold and copper prices fell, but oil and the CRB index rose.

**COVID-19:** NSW recorded 1,480 new cases yesterday and nine deaths. Parts of regional NSW will come out of lockdown tomorrow at midnight.

The NSW Crisis Cabinet agreed yesterday on a roadmap out of lockdown. The NSW Premier is expected to make an announcement today about the roadmap.

Victoria recorded 221 new cases yesterday. The lockdown in regional Victoria will end at midnight tonight with trailing restrictions still in place.

Meanwhile, the ACT recorded 20 new cases.

In other vaccine news, less than 15% of the billion shots promised by high-income countries to poorer ones had materialised, according to WHO.

**Australia:** There was no major economic data released yesterday.

**Japan:** Japan's economy grew faster than initially estimated in the June quarter, helped by solid capital expenditure. However, a resurgence in COVID-19 cases is undermining services spending and clouding the economic outlook. Revised GDP data showed the economy grew at an annualised pace of 1.9% in the June quarter, beating consensus forecasts for a 1.6% gain and the initial estimate of a 1.3% expansion. It followed Prime Minister Suga's announcement last Friday that he was stepping down, paving the way for the September 29 ruling party leadership race.

**United States:** The Beige Book said businesses are experiencing escalating inflation that is being aggravated by a shortage of goods and likely will be passed onto consumers in many areas. The central bank reported that growth overall had "downshifted slightly to a moderate pace" amid rising public health concerns during the July

through August period that the report covers. The deceleration in economic activity as largely attributable to a pullback in dining out, travel and tourism because of safety concerns due to the rise of the Delta variant.

The US Federal Reserve's John Williams isn't certain Fed tapering will start in 2021. "Assuming the economy continues to improve as I anticipate, it could be appropriate to start reducing the pace of asset purchases this year," the New York branch president said. The central bank has met its "substantial further progress" threshold on inflation but not jobs, he added.

Job openings hit another record in July, illustrating lingering staffing shortages. Available positions rose to 10.9 million from June's upwardly revised 10.2 million, the JOLTS report showed.

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

AU Weekly Payroll Jobs w/e 14 Aug (11:30am)

CH CPI Aug y/y exp 1.0% prev 1.0% (11:30am)

CH PPI Aug y/y exp 9.0% prev 9.0% (11:30am)

AU RBA Deputy Governor Speech (6:35pm)

EZ ECB Monetary Policy Meeting (9:45pm)

    Main Refinancing Rate exp 0.00% prev 0.00%

US Initial Jobless Claims w/e 4 Sep exp 335K prev 340K  
(10:30pm)

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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