

Morning Report

Thursday, 10 September 2020

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)		
S&P/ASX 200	5,878.6	-2.2%	Last		Overnight Chg			Australia		
US Dow Jones	27,940.5	1.6%	10 yr bond	99.05	-0.04			90 day BBSW	0.09	0.00
Japan Nikkei	23,032.5	-1.0%	3 yr bond	99.70	0.00			2 year bond	0.24	-0.01
China Shanghai	3,411.0	-1.9%	3 mth bill rate	99.91	0.00			3 year bond	0.25	-0.02
German DAX	13,237.2	2.1%	SPI 200	5,937.0	77			3 year swap	0.17	0.00
UK FTSE100	6,012.8	1.4%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	0.89	-0.08
Commodities (close & change)*			TWI	62.2	-	-	61.8	United States		
CRB Index	147.1	1.1	AUD/USD	0.7206	0.7288	0.7192	0.7281	3-month T Bill	0.10	-0.01
Gold	1,946.8	14.8	AUD/JPY	76.36	77.43	76.12	77.32	2 year bond	0.15	0.01
Copper	6,685.3	-120.5	AUD/GBP	0.5551	0.5613	0.5549	0.5603	10 year bond	0.70	0.02
Oil (WTI)	37.8	1.1	AUD/NZD	1.0895	1.0914	1.0881	1.0897	Other (10 year yields)		
Coal (thermal)	51.9	1.1	AUD/EUR	0.6119	0.6171	0.6115	0.6168	Germany	-0.46	0.03
Coal (coking)	114.0	-0.8	AUD/CNH	4.9388	4.9792	4.9297	4.9738	Japan	0.03	-0.01
Iron Ore	121.3	-2.1	USD Index	93.5	93.7	93.1	93.2	UK	0.24	0.05

Data as at 8.00am. Change from previous trading day (excluding the SFE which is the change during the night session). Source: Bloomberg.

Main Themes: Reassessment and rebound. ‘Bargain hunters’ stepped up to the plate and bought markets that slipped the night before with no new data to drive their decisions.

Share Markets: The Dow rose 1.6%, the S&P500 was up 2.0% while the Nasdaq rose 2.7%. Tech stocks that were heavily sold yesterday were supported overnight. Despite no major economic news, there were similar moves in Europe with the German Dax up 2.1% and the FTSE100 up 1.4%.

Interest Rates: Interest rates across most of the yield curve remained calm yesterday with RBA policy firmly set. Three-year yields edged back down to 0.25% but there was action at the longer end as 10-year Australian government bond yields fell 8 basis points to 0.89%. US long bond yield were also softer overnight as were those in Europe as inflation expectations continue to be dampened.

Foreign Exchange: After hitting a high of 93.7 last night, the US dollar index weakened to 93.2 at the open this morning. The AUD rose from \$US0.7206 to \$US0.7281. The AUD also gained marginally against the NZD.

Commodities: Gold more than reversed yesterday’s dip. Copper was weaker and iron was also marginally weaker. The CRB commodities index rose on the back of increases in gold and oil which also rebounded overnight.

Australia: Total new housing loans (ex-refinancing) rose 8.9% following a 6.4% increase in June. These increases came after weak lending activity in April and May.

The Westpac index of Consumer Sentiment lifted from 79.5 in August to 93.9 in September and is at its highest since COVID-19 was declared a pandemic in March.

China: Consumer prices rose 2.4% over the year to August. This down on the 2.7% rise reported for July. Core CPI, which excludes food and energy, rose a softer 0.5%, the same reading as in July.

Producer prices in China fell 2.0% in the year to August. Prices fell 2.4% in the year to July. The smaller fall was likely due to a pick-up in commodity prices over August.

Europe: No major data released.

New Zealand: Business confidence in NZ improved in September but remains weak. The ANZ Index of Business Confidence rose from -41 in August to -26 in September.

United Kingdom: Developments in the UK’s Brexit plans are unsettling prospects for a US-UK trade agreement according to US House of Representatives Speaker Nancy Pelosi.

United States: No major economic data released.

Today's key data and events:

AU Consumer Inflation Expectations Sep prev 3.3%
(11.00am)

EZ ECB Monetary Policy Meeting prev 0.0% (9.45pm)

JN Machinery Orders Jul prev -7.6% (9.50am)

US PPI Final Aug y/y prev 0.6% (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.

Hans Kunnen, Senior Economist

Ph: 02-8254-1316

Contact Listing

Chief Economist

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

Senior Economist

Janu Chan
chanj@banksa.com.au
(02) 8253 0898

Senior Economist

Hans Kunnen
hans.kunnen@banksa.com.au
(02) 8254 1316

The information contained in this report (.the Information.) is provided for, and is only to be used by, persons in Australia. The information may not comply with the laws of another jurisdiction. The Information is general in nature and does not take into account the particular investment objectives or financial situation of any potential reader. It does not constitute, and should not be relied on as, financial or investment advice or recommendations (expressed or implied) and is not an invitation to take up securities or other financial products or services. No decision should be made on the basis of the Information without first seeking expert financial advice. For persons with whom BankSA has a contract to supply Information, the supply of the Information is made under that contract and BankSA's agreed terms of supply apply. BankSA does not represent or guarantee that the Information is accurate or free from errors or omissions and BankSA disclaims any duty of care in relation to the Information and liability for any reliance on investment decisions made using the Information. The Information is subject to change. Terms, conditions and any fees apply to BankSA products and details are available. BankSA or its officers, agents or employees (including persons involved in preparation of the Information) may have financial interests in the markets discussed in the Information. BankSA owns copyright in the information unless otherwise indicated. The Information should not be reproduced, distributed, linked or transmitted without the written consent of BankSA.

Any unauthorized use or dissemination is prohibited. Neither BankSA- A Division of Westpac Banking Corporation ABN 33 007 457 141 AFSL 233714 ACL 233714, nor any of Westpac's subsidiaries or affiliates shall be liable for the message if altered, changed or falsified.
