

# Morning Report

Friday, 12 February 2021

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)		
S&P/ASX 200	6,850	-0.1%			<b>Last</b>	<b>Overnight Chg</b>		<b>Australia</b>		
US Dow Jones	31,430	0.0%	10 yr bond	98.79				90 day BBSW	0.01	0.00
Japan Nikkei	29,563	0.2%	3 yr bond	99.83				2 year bond	0.10	0.00
China Shanghai	3,832	1.4%	3 mth bill rate	99.98				3 year bond	0.10	0.00
German DAX	14,041	0.8%	SPI 200	6,775.0				3 year swap	0.14	0.00
UK FTSE100	6,529	0.1%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	1.19	-0.04
<b>Commodities (close &amp; change)*</b>			TWI	63.6	-	-	63.6	<b>United States</b>		
CRB Index	183.6	-0.4	AUD/USD	0.7721	0.7772	0.7713	0.7752	3-month T Bill	0.03	-0.01
Gold	1,825.77	-17.1	AUD/JPY	80.79	81.38	80.68	81.20	2 year bond	0.11	0.00
Copper	8,288.75	-15.3	AUD/GBP	0.5582	0.5621	0.5579	0.5611	10 year bond	1.16	0.04
Oil (WTI)	57.93	-0.8	AUD/NZD	1.0706	1.0731	1.0696	1.0729	<b>Other (10 year yields)</b>		
Coal (thermal)	85.55	-0.5	AUD/EUR	0.6371	0.6400	0.6366	0.6390	Germany	-0.46	-0.02
Coal (coking)	148.10	-2.2	AUD/CNH	4.9650	4.9873	4.9602	4.9799	Japan	0.08	0.00
Iron Ore	161.31	0.0	USD Index	90.4	90.5	90.3	90.4	UK	0.47	-0.02

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:** US share markets continued to trade near all-time highs whilst US bond yields and the Australian dollar made modest gains.

**Share Markets:** US markets saw little movement overnight but retained their elevated levels. The Dow was flat, the S&P500 was up 0.1% but the Nasdaq managed a 0.4% gain as it held above the 14,000 level.

European markets were mixed. The Dax rose 0.8%, the French CAC40 was flat while the FTSE100 rose 0.1%.

In Australia, the ASX200 slipped 0.1% and the futures, at negative 4, point to a flat start to the day's trade.

**Interest Rates:** US interest rate markets saw the US 10-year government bond yield rise 4 basis points to 1.16%. In Australia, long bond yields moved down 4 basis points to 1.19%. At the long end of the yield curve, much depends upon the expected pace of economic growth with a lot of interest shown in the US economic relief package. There continues to be speculation over the pace of US inflation in the face of QE and the proposed relief package.

**Foreign Exchange:** The US dollar index is mostly unchanged on the day. The AUD lifted from a low of around 0.7735 overnight to 0.7772 before correcting lower to 0.7745. The AUD/USD will continue to try and test higher and we think will

break above 0.7800 in the near term.

**Commodities:** Gold, copper and oil were all marginally weaker. Iron ore held its level above \$US160 per metric tonne.

**COVID-19:** The Victorian hotel quarantine cluster has grown to 13. News reports suggest Victorian state government advisers met overnight to consider a possible lockdown.

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

**Eurozone:** The European Commission (EC) released its winter economic forecasts. GDP in the eurozone region is forecast to rise 3.8% in 2021, down from the previous forecast of 4.2%. GDP growth of 3.8% is also expected in 2022, up from the prior forecast of 3.0%. Pre-pandemic output is expected to be reached by some European Union States in late 2021 but others may not reach that point until some time in 2022. Regional inflation is forecast to remain subdued growing at 1.4% in 2021 and 2022.

**United States:** New claims for unemployment benefits fell slightly last week but held at an elevated level. Claims fell to a five-week low of 793k in the week ending February 6, from 812k in the previous week. Despite the previous week's upward revision, the four-week moving average for new claims fell by 33,500 to 823,000.

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

NZ Business PMI Jan prev 48.7(8:30am)

EZ Industrial Production Dec prev 2.5% (9pm)

US UoM Consumer Sentiment Feb Prel. (2am)

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.

**Besa Deda, Chief Economist**

Ph: 02-8254-3251

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## Contact Listing

**Chief Economist**

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

**Senior Economist**

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

**Economist**

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

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