

Morning Report

Tuesday, 13 October 2020

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)		
S&P/ASX 200	6,132.0	0.5%			Last	Overnight Chg		Australia		
US Dow Jones	28,837.5	0.9%	10 yr bond	99.15		0.00	90 day BBSW	0.08	0.00	
Japan Nikkei	23,558.7	-0.3%	3 yr bond	99.82		0.00	2 year bond	0.15	0.00	
China Shanghai	3,519.8	2.6%	3 mth bill rate	99.93		0.00	3 year bond	0.14	0.00	
German DAX	13,138.4	0.7%	SPI 200	6,161.0		48	3 year swap	0.13	0.00	
UK FTSE100	6,001.4	-0.3%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	0.85	0.00
Commodities (close & change)*			TWI	60.8	-	-	61.2	United States		
CRB Index	149.8	-1.9	AUD/USD	0.7220	0.7235	0.7204	0.7210	3-month T Bill	0.09	-0.01
Gold	1,922.8	-7.6	AUD/JPY	76.46	76.52	75.87	75.96	2 year bond	0.15	0.00
Copper	6,768.5	0.0	AUD/GBP	0.5542	0.5553	0.5511	0.5516	10 year bond	0.77	0.00
Oil (WTI)	39.5	-1.1	AUD/NZD	1.0848	1.0868	1.0828	1.0839	Other (10 year yields)		
Coal (thermal)	56.3	-3.2	AUD/EUR	0.6113	0.6122	0.6102	0.6104	Germany	-0.55	-0.02
Coal (coking)	127.9	-4.3	AUD/CNH	4.8529	4.8708	4.8448	4.8630	Japan	0.03	0.00
Iron Ore	119.5	-1.5	USD Index	93.1	93.2	93.0	93.0	UK	0.27	-0.01

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: Reports of Chinese trade rumblings against Australia, a partial holiday in the US, tighter COVID-19 restrictions in the UK and softer oil prices on stronger production.

Share Markets: Another strong night for US equities. The Dow rose 0.9%, the S&P500 was up 1.6% and the Nasdaq rose 2.6%. Low interest rates and the prospect of government stimulus spending lifted US markets. Mainland European markets were positive with the German Dax up 0.7% but the FTSE100 slid back 0.3% as COVID-19 restrictions were tightened in some regions of the UK.

Interest Rates: US bond markets were shut for the Columbus Day holiday, but 10-year treasury note futures were open, trading at an implied yield of 0.77%-0.78%, little changed from yesterday's close.

Other global markets, including Australia, saw minimal movement overnight. In the UK 10-year government bond yield fell 1 basis point to 0.27%.

Foreign Exchange: The US dollar index was little changed overnight with much of the US on holidays. The Australian dollar was marginally weaker, trading in a range of \$US0.7235-7204 and steady against the NZ dollar.

COVID-19: China reported a new cluster of coronavirus infections in the eastern port city of Qingdao, snapping a streak of over two months without local transmission.

UK prime Minister Boris Johnson announced that bars and pubs will be closed in the worst hit parts of England in a bid to control a surge in COVID-19 cases. There are fears within UK health circles that these arrangements are too conservative and will prove to be ineffective.

Commodities: Reports are emerging that China has suspended the landing of Australian coal. Coal prices slide further overnight. Oil was weaker as Libya resumed production and damage from hurricane Delta in the US was limited.

Australia: No major data released yesterday. The Victorian Budget, at one stage slated for today, has been delayed with a new date yet to be determined.

China: No major data released.

United States: There were no major data releases overnight.

Former US Treasury Secretary Lawrence Summers and colleagues from Harvard University have estimated the COVID-19 pandemic will cost the US economy \$16 trillion with losses from lost production due to shutdowns and the ongoing health costs.

Today's key data and events:

AU Household Impacts of COVID-19 Survey (11:30am)

AU Overseas Arrivals & Depart. Aug provisional (11:30am)

CH Trade Balance Sep exp US\$60.0bn, prev US\$58.9bn (TBC)

UK ILO Unemployment Rate Aug exp 4.3%, prev 4.1% (5pm)

EZ ZEW Expectations Oct prev 73.9 (8.00pm)

US CPI Sep exp 0.2%, prev 0.4% (11:30pm)

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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