

Morning Report

Wednesday, 14 April 2021

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)		
S&P/ASX 200	6,977	0.0%			Last	Overnight Chg		Australia		
US Dow Jones	33,677	-0.2%	10 yr bond	98.28	0.06	90 day BBSW	0.04	0.00		
Japan Nikkei	29,752	0.7%	3 yr bond	99.75	0.01	2 year bond	0.08	0.00		
China Shanghai	3,560	-0.5%	3 mth bill rate	99.95	0.00	3 year bond	0.28	0.02		
German DAX	15,234	0.1%	SPI 200	6,971.0	19	3 year swap	0.32	0.01		
UK FTSE100	6,890	0.0%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	1.81	0.04
Commodities (close & change)*			TWI		63.7	-	-	63.7	United States	
CRB Index	188.1	1.7	AUD/USD	0.7624	0.7649	0.7586	0.7642	3-month T Bill	0.01	-0.01
Gold	1,745.51	12.8	AUD/JPY	83.41	83.47	83.03	83.35	2 year bond	0.16	-0.01
Copper	8,903.25	38.0	AUD/GBP	0.5547	0.5561	0.5528	0.5558	10 year bond	1.61	-0.05
Oil (WTI)	60.18	0.5	AUD/NZD	1.0844	1.0855	1.0818	1.0834	Other (10 year yields)		
Coal (thermal)	87.45	2.4	AUD/EUR	0.6401	0.6405	0.6380	0.6395	Germany	-0.29	0.00
Coal (coking)	116.75	-0.1	AUD/CNH	4.9926	5.0042	4.9727	5.0011	Japan	0.11	0.00
Iron Ore	166.14	-0.5	USD Index	92.1	92.3	91.8	91.8	UK	0.78	-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: The US inflation rate rose at its fastest annual pace since August of 2018. However, US government bond yields fell after a 30-year auction was met with strong demand and Johnson & Johnson's single-dose vaccine was put on hold in the US. US share markets finished mixed.

Share Markets: US share markets had a mixed night. The Dow fell 68 points (or -0.2%) and the S&P 500 index lifted 14 points (or +0.3%) to a new record high. The Nasdaq rose 146 points (or +1.1%).

Interest Rates: US government bond prices rose after the US government's 30-year auction was greeted with strong demand, weighing on bank shares and sending 10-year yields down 5 basis points to 1.61%. The US 2-year yield declined 1 basis point.

Foreign Exchange: The US dollar index weakened overnight. This weakness in the US dollar helped drive the AUD/USD exchange rate up to an overnight high of 0.7649, from an overnight low 0.7586. The AUD/USD remains within the trading range it has been in since early April.

Commodities: OPEC gave an upbeat projection for oil demand, boosting its 2021 forecast to 96.5 million barrels a day on expectations the market will continue to recover in the coming months. Rising consumption means stockpiles should continue to diminish even as OPEC+ revive some of

the halted output over the next three months. OPEC still isn't inclined to speed up the revival of supplies.

COVID-19: The US recommended a freeze on the use of Johnson & Johnson's single-dose vaccine after six women developed a rare and severe type of blood clot.

Australia: Business conditions hit a record high in March, increasing to 25 from 17 in February. The survey has been running since 1996. Confidence eased to 15, after hitting an 11-year high of 18 in previous month, although remains well above average.

Conditions in all industries have returned to positive territory in trends terms for the first time since mid-2018. Conditions also improved in all states except for Western Australia, which ticked down from a high level. In trend terms, conditions remain the strongest in WA, followed by Queensland.

China: China's trade surged in March, despite missing forecasts, as the global economic rebound supports trade. Exports were up 20.7% over the year (in yuan terms), lower than the forecast 28.6%, although these figures are partly distorted due to last year's low base. China has benefitted from global demand for medical goods and work-from-home equipment during the pandemic.

Imports jumped 27.7% in the past 12 months (in

yuan terms), beating forecasts for 17.6% growth. The surge in imports reflects solid domestic demand and rising commodity prices.

Eurozone: The ZEW survey of expectations rose to 66.3 in April, from 74.0 in March.

United Kingdom: The UK had a £7.1 billion trade deficit in February, larger than in January and exceeding consensus median forecasts. Exports rose 9.9% in the month while imports increased 17.4%.

Industrial production increased 1.0% in February, beating expectations. The UK is emerging from its third national lockdown, and consumers and businesses are increasingly optimistic about a rapid recovery.

United States: US consumer prices picked up sharply in March as the economic recovery gained momentum, partly reflecting higher gasoline prices. The consumer price index (CPI) rose 0.6% in March and jumped 2.6% in the year ended March. It was the firmest annual rate since August of 2018.

The core CPI, which excludes the volatile categories of food and energy, climbed 1.6% over the prior year, and was up 0.3% in March from February.

The NFIB small business optimism survey rose further to 98.2 in March, from 95.8 in February, amid vaccine rollout progress.

Today's key data and events:

AU Household Impacts of COVID-19 Survey (11:30am)
AU Westpac MI Cons. Confidence Apr prev 111.8 (10:30am)
EZ Industrial Production Feb prev 0.8% (7:00pm)
JN Machinery Orders Feb prev -4.5% (9:50am)
NZ Net Migration Feb prev 631 (8:45am)
NZ RBNZ Policy Decision prev 0.25% (12:00pm)
US Import Price Index Mar prev 1.3% (10:30pm)
US Federal Reserve's Beige Book (4:00am)

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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