

Morning Report

Friday, 14 May 2021

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)		
S&P/ASX 200	6,983	-0.9%			Last	Overnight Chg		Australia		
US Dow Jones	34,021	1.3%	10 yr bond	98.26		0.02	90 day BBSW	0.04	0.00	
Japan Nikkei	27,448	-2.5%	3 yr bond	99.74		0.00	2 year bond	0.08	-0.01	
China Shanghai	3,595	-1.0%	3 mth bill rate	99.95		-0.01	3 year bond	0.31	0.02	
German DAX	15,200	0.3%	SPI 200	7,021.0		47	3 year swap	0.33	0.00	
UK FTSE100	6,963	-0.6%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	1.81	0.04
Commodities (close & change)*			TWI	64.4	-	-	63.9	United States		
CRB Index	202.9	-5.0	AUD/USD	0.7734	0.7746	0.7688	0.7725	3-month T Bill	0.01	-0.01
Gold	1,826.72	11.0	AUD/JPY	84.74	84.84	84.30	84.57	2 year bond	0.15	-0.01
Copper	10,436.25	-16.3	AUD/GBP	0.5498	0.5509	0.5484	0.5498	10 year bond	1.66	-0.03
Oil (WTI)	63.82	-2.3	AUD/NZD	1.0807	1.0796	1.0749	1.0759	Other (10 year yields)		
Coal (thermal)	102.55	1.3	AUD/EUR	0.6404	0.6408	0.6374	0.6393	Germany	-0.12	0.00
Coal (coking)	118.00	0.2	AUD/CNH	4.9901	4.9964	4.9663	4.9806	Japan	0.09	0.01
Iron Ore	207.00	-3.8	USD Index	90.8	90.9	90.6	90.7	UK	0.90	0.01

Data as at 9:00am. Change from previous trading day (excluding the SFE which is the change during the night session). Source: Bloomberg.

Main Themes: US equities rebounded after a three-day decline, while US yields fell, with no clear news catalyst. The Australian dollar stabilised.

Share Markets: US stocks broke a three-day losing streak as investors shifted to value from growth. The Dow rose 1.3%.

In Europe, the Dax rose 0.3%. The ASX 200 declined 0.9% but futures point to a solid open.

Interest Rates: 10-year US Treasury yields slipped 3 basis points to 1.66%. Australian 10-year government bond yields climbed 4 basis points to 1.81%.

Foreign Exchange: The Australian dollar traded in a narrow range to finish slightly lower at 0.7725. The US dollar declined a little.

Commodities: Iron ore moved lower after China increased pressure to control rapid gains in raw material costs. WTI crude oil declined as inflation picked up. Copper slipped and gold firmed.

COVID-19: In the US, fully vaccinated people don't need to wear a mask anymore or keep physical distancing, marking the most significant shift in federal guidelines since the pandemic started. Around 35% of the US population is fully vaccinated.

Australia: No major data were released yesterday.

United States: The producer price index (PPI) increased 0.6% in April, beating expectations of a

0.3% increase. In annual terms, producer prices are now up 6.2%. The increase was broad across both goods and services. The increase in PPI reflects supply chain bottlenecks and shortages tied to the pandemic, which have pushed up commodity prices, while labour costs have also started to rise. Despite the upside surprise, there was limited market reaction to the data.

Initial jobless claims declined to 473k from 498k in the week ending May 8, marking a new pandemic low. The reopening of the US economy has spurred businesses to ramp up hiring.

Today's key data and events:

- NZ BusinessNZ Mfg PMI Apr prev 63.6 (8:30am)
- US Import Price Index exp 0.6% Apr prev 1.2% (10:30pm)
- US Retail Sales exp 1.0% Apr prev 9.8% (10:30pm)
- US Industrial Production exp 1.0% Apr prev 1.4% (11:15pm)
- US Business Inventories exp 0.3% Mar prev 0.5% (12:00am)
- US UoM Consumer Sentiment May (12:00am)

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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