

# Morning Report

Tuesday, 14 September 2021

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)		
S&P/ASX 200	7,425	0.3%	<b>Last</b>		<b>Overnight Chg</b>			<b>Australia</b>		
US Dow Jones	34,870	0.8%	10 yr bond	98.76	0.02			90 day BBSW	0.01	0.00
Japan Nikkei	30,447	0.2%	3 yr bond	99.74	0.01			2 year bond	0.01	0.00
China Shanghai	3,894	0.3%	3 mth bill rate	99.98	0.00			3 year bond	0.26	-0.01
German DAX	15,701	0.6%	SPI 200	7,421.0	-14			3 year swap	0.43	0.00
UK FTSE100	7,068	0.6%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	1.27	0.05
Commodities (close & change)*			TWI	61.5	-	-	61.4	<b>United States</b>		
CRB Index	221.2	0.8	AUD/USD	0.7358	0.7376	0.7336	0.7370	3-month T Bill	0.03	-0.01
Gold	1,793.75	6.2	AUD/JPY	80.85	81.13	80.67	81.09	2 year bond	0.21	0.00
Copper	9,684.50	315.0	AUD/GBP	0.5316	0.5330	0.5310	0.5325	10 year bond	1.33	-0.02
Oil (WTI)	70.68	0.2	AUD/NZD	1.0340	1.0367	1.0330	1.0354	<b>Other (10 year yields)</b>		
Coal (thermal)	165.80	3.9	AUD/EUR	0.6222	0.6252	0.6222	0.6239	Germany	-0.33	0.00
Coal (coking)	365.50	12.5	AUD/CNH	4.7407	4.7525	4.7334	4.7483	Japan	0.05	0.00
Iron Ore	123.50	1.4	USD Index	92.6	92.9	92.6	92.7	UK	0.75	-0.01

Data as at 7:00am AEST. Change from previous trading day (excluding the SFE which is the change during the night session). Source: Bloomberg.

**Main Themes:** Markets were quiet with little fresh news of note. US stocks broke a five-day losing streak while US bond yields edged lower. The Australian dollar was little changed.

**Share Markets:** US stocks rose, with the S&P 500 up 0.2% and the Dow increasing 0.8%. Energy stocks supported the gains alongside the increase in crude oil prices. The ASX 200 rose 0.3%.

**Interest Rates:** US 10-year bond yields edged down 2 basis points to 1.33% while 2-year yields were unchanged.

Australian 10-year (futures) yields declined 2 basis points to 1.24% and 3-year futures yields hovered around 0.26%.

**Foreign Exchange:** The Australian dollar traded in a narrow range, finishing little changed at 0.7370. The US dollar strengthened slightly.

Elsewhere cryptocurrencies steadied after a bout of volatility sparked by a hoax announcement.

**Commodities:** Oil edged higher as a heavy storm heading towards the US Gulf of Mexico forced the closure of a number of ports and oil platforms. Iron ore and gold increased.

**COVID-19:** NSW recorded 1,257 new cases yesterday and seven deaths. Victoria recorded 473 new cases yesterday, the ACT recorded 13 and Queensland recorded 2 new cases.

**Australia:** There were no major economic data

releases yesterday.

**Japan:** Japan's producer prices rose 5.5% over the year to August, down from 5.6% over the year to July and below consensus forecasts for a 5.6% increase.

**New Zealand:** Preliminary estimates show that business confidence rose to -6.8 in September, up from -14.2 in August. Underlying gauges of business activity, employment and investment intentions were a little softer compared to August but remain at high levels. This suggests that firms are better positioned to deal with this latest lockdown and are expecting a return to strong demand once the restrictions are lifted. Expectations for inflation over the year fell to 2.97%, down from 3.05% in August.

House sales slumped 21.6% in New Zealand in August as the country plunged into lockdown. Meanwhile the house price index rose another 2% in the month as demand continued to outstrip supply.

**United States:** House Democrats unveiled their plan for tax hikes to offset up to \$3.5 trillion in spending on the social safety net and climate policy. The plan calls for a corporate tax rate of 26.5% (currently 21%) and to raise the top individual tax rate to 39.6% (from 37.0%). The proposal also includes a 3% surcharge on individual income over \$5 million and a capital gains tax of 25% (up from 20%).

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

NZ REINZ House Sales Aug y/y prev -11.7% (7am)

AU ANZ RM Cons. Conf. w/e 12 Sep prev 100.0 (9:30am)

AU ABS Dwelling Prices Q2 exp 6.1% prev 5.4% (11:30am)

AU NAB Business Survey Aug (11:30am)

Business Conditions Aug prev 11

Business Confidence Aug prev -8

AU RBA Gov Speech at ANIKA Foundation (1pm)

JN Industrial Production Jul Final prev -1.5% (2:30pm)

UK ILO Unemployment Rate Jul exp 4.6% prev 4.7% (4pm)

US CPI Aug exp 0.4% prev 0.5% (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.

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