

# Morning Report

Thursday, 15 April 2021

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)		
S&P/ASX 200	7,023	0.7%	<b>Last</b>		<b>Overnight Chg</b>			<b>Australia</b>		
US Dow Jones	33,731	0.2%	10 yr bond	98.27	-0.03			90 day BBSW	0.04	0.00
Japan Nikkei	29,621	-0.4%	3 yr bond	99.74	-0.01			2 year bond	0.08	0.00
China Shanghai	3,581	0.6%	3 mth bill rate	99.95	0.00			3 year bond	0.28	0.00
German DAX	15,209	-0.2%	SPI 200	6,955.0	-38			3 year swap	0.32	-0.02
UK FTSE100	6,940	0.7%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	1.75	-0.06
<b>Commodities (close &amp; change)*</b>			TWI	63.7	-	-	64.1	<b>United States</b>		
CRB Index	192.4	4.3	AUD/USD	0.7642	0.7738	0.7635	0.7727	3-month T Bill	0.02	0.00
Gold	1,736.43	-9.1	AUD/JPY	83.35	84.29	83.11	84.17	2 year bond	0.16	0.00
Copper	8,903.25	38.0	AUD/GBP	0.5558	0.5611	0.5553	0.5607	10 year bond	1.63	0.02
Oil (WTI)	62.87	-0.3	AUD/NZD	1.0834	1.0842	1.0797	1.0819	<b>Other (10 year yields)</b>		
Coal (thermal)	88.40	1.0	AUD/EUR	0.6395	0.6457	0.6387	0.6448	Germany	-0.26	0.03
Coal (coking)	117.17	0.4	AUD/CNH	5.0011	5.0496	4.9969	5.0468	Japan	0.09	-0.01
Iron Ore	166.50	0.4	USD Index	91.8	91.8	91.6	91.7	UK	0.80	0.03

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 earnings season kicked off overnight although markets struggled to find direction. In Australia, consumer sentiment hit its highest level in 11 years.

**Share Markets:** US stocks were mixed despite stellar earnings reported by JP Morgan, Goldman Sachs and Wells Fargo. The Dow lifted 0.2% while the Nasdaq fell 1.0% and the S&P 500 was down 0.4%.

In Europe, the Dax slipped 0.2%.

The ASX 200 climbed 0.7% but futures point to soft open.

**Interest Rates:** The US 2-year bond yield was unchanged while the 10-year bond yield lifted 2 basis points.

**Foreign Exchange:** The US dollar index is down 0.2% on the day and trading at around a one-month low. EUR/USD rose from 1.1890 to a one-month high of 1.1987. USD/JPY ranged between 108.80 and 109.10.

The Australian dollar rose from an overnight low of 0.7670 to an overnight high of 0.7738, breaking above the trading range it has been in for the last few weeks.

**Commodities:** Commodities were mostly firmer overnight.

**Australia:** The Westpac-Melbourne Institute consumer sentiment index rose 6.2% to 118.8 in

April. The index is now at its highest level since August of 2010. The survey was undertaken in the week after the expiry of JobKeeper, which suggests consumer optimism about the outlook remains resilient.

**New Zealand:** The Reserve Bank of New Zealand (RBNZ) left monetary policy settings unchanged. The Official Cash Rate remained unchanged at 0.25% and there were no changes to large-scale bond purchases or the Funding for Lending Programme.

The bottom line of the statement was identical to the February review. The RBNZ expects to maintain current settings until it is confident about a sustained move towards the 2% mid-point of the inflation target. This is expected to take "considerable time".

The RBNZ recognises that annual inflation will spike in the near term, due to supply chain disruptions and rising oil prices, but considers this to be temporary.

**United States:** The latest Federal Reserve Beige Book indicated that the US economy "accelerated to a moderate pace from late February to early April" and more companies sought to hire new workers. But the survey revealed inflation also picked up and companies faced an array of shortages that are impacting production.

Federal Reserve Chair Powell stressed the

importance of fiscal policy with respect to the pandemic as well as stating that current debt levels are serviceable and sustainable even though a long-run deficit path is unsustainable. He also underscored that the Fed does not currently see rates rising until 2024, while unemployment can go lower without triggering inflation as the economy recovers at a fast pace.

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

AU Consumer Inflation Expectations Apr prev 4.1%  
(11:00am)

AU Labour Force Mar (11:30am)

Employment Change exp 32.0k prev 88.7k

Unemployment Rate exp 5.8% prev 5.8%

Participation Rate exp 66.2% prev 66.1%

EZ CPI Mar final y/y prev 0.9% (4:00pm)

US Retail Sales Mar prev -3.0% (10:30pm)

US Empire Manufacturing Apr prev 17.4 (10:30pm)

US Philadelphia Fed Index Apr prev 51.8 (10:30pm)

US Industrial Production Mar prev -2.2% (11:15pm)

US Business Inventories Feb prev 0.3% (12:00am)

US NAHB Housing Index Apr prev 82 (12:00am)

US Net TIC flows Feb prev \$106.3bn (6:00am)

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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