

Morning Report

Tuesday, 15 December 2020

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)		
S&P/ASX 200	6,660	0.3%			Last	Overnight Chg		Australia		
US Dow Jones	29,860	-0.6%	10 yr bond	99.05		0.01		90 day BBSW	0.02	0.00
Japan Nikkei	26,732	0.3%	3 yr bond	99.83		0.00		2 year bond	0.09	0.01
China Shanghai	3,532	0.7%	3 mth bill rate	99.97		-0.01		3 year bond	0.11	0.00
German DAX	13,223	0.8%	SPI 200	6,646.0		-16		3 year swap	0.15	0.00
UK FTSE100	6,532	-0.2%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	0.96	-0.02
Commodities (close & change)*			TWI	62.6	-	-	62.4	United States		
CRB Index	162.2	1.0	AUD/USD	0.7540	0.7578	0.7525	0.7536	3-month T Bill	0.06	-0.01
Gold	1,828.55	-11.3	AUD/JPY	78.44	78.71	78.28	78.40	2 year bond	0.12	0.00
Copper	7,729.00	-26.5	AUD/GBP	0.5659	0.5670	0.5629	0.5653	10 year bond	0.90	0.00
Oil (WTI)	46.95	0.4	AUD/NZD	1.0639	1.0656	1.0623	1.0638	Other (10 year yields)		
Coal (thermal)	83.10	1.6	AUD/EUR	0.6215	0.6232	0.6202	0.6202	Germany	-0.62	0.02
Coal (coking)	101.21	-0.1	AUD/CNH	4.9181	4.9443	4.9137	4.9207	Japan	0.01	0.00
Iron Ore	151.50	-6.3	USD Index	90.8	90.9	90.4	90.7	UK	0.22	0.05

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: Twists and turns in US stimulus package negotiations. Vaccine rollouts but rising infections. Brexit 'negotiations' continue.

Share Markets: The Dow weakened during the overnight session despite a bright start, ending the day down 0.6%. The S&P500 fell 0.4% but the tech heavy Nasdaq rose 0.5%. Europe was mixed with the Dax up 0.8% but the FTSE100 fell 0.2% on Brexit concerns.

Interest Rates: Interest rate markets were little changed overnight. US 10-year bonds were steady at 0.90% but their UK equivalent was up 5 basis points to 0.22%. In Australia, 10-year government bond yields stand at 0.96%.

Foreign Exchange: The AUD/USD reached 0.7578 overnight but fell back to 0.7536. The US dollar index moved marginally lower to 90.7

Commodities: The price of oil was marginally firmer despite increased lockdowns and OPEC's view that demand will fall. Gold led precious metals down and copper was weaker. Nickel hit a one-year high on the prospect of an eventual economic recovery, but iron ore was weaker.

COVID-19: Britain's daily case numbers have risen by more than a third over the course of one week. Yesterday there were 20.3k cases compared to 14.7k a week ago. Parts of the UK are moving into stricter lockdowns. Daily cases in the US have been

averaging over 200k for the past week.

Australia: There was no major economic data released on Monday in Australia.

China: China's National Development and Reform Commission is reported to have given approval to Chinese power plants to import coal without restrictions, except for Australian supplies.

New home prices in Chinese cities rose 0.12% in November to be up 4.0% over 12 months. During November, existing home prices rose in 44 of the 70 cities surveyed compared to 39 in October.

Europe: Industrial production rose 2.1% in October, up from a revised 0.1% in September. Germany reported a 3.4% increase while output in Greece fell 3.0%. COVID-19 continues to disrupt activity across the continent. European industrial production is down 3.8% on a year earlier.

New Zealand: In a sign of slowing momentum, the NZ Performance of Services Index slipped below 50 in November. It fell from 51.8 in October to 46.6 in November. Despite this slowdown, consumer sentiment in NZ has picked up according to the December reading of the quarterly Westpac McDermott Miller Index of Consumer Confidence. The index now stands at 106.0, up from 95.1 in September but below the 110.8 long-term average.

United Kingdom: The Rightmove Index of UK house prices fell 0.6% in December to be up 6.5% on a

year earlier. The UK introduced a limited stamp duty holiday in July that is due to end on 1 April 2021.

United States: The bipartisan group of lawmakers that created a pandemic relief bill worth \$908 billion now plan to split aid measures into two packages. The first bill, with a \$748 billion price tag, will include all the spending both sides have signed off on, including replenished funding for small-business loans, extended unemployment, money for schools and vaccine distribution. The second bill would cover the more controversial elements which includes assistance for state and local governments.

Today's key data and events:

AU RBA Board Meeting Minutes (11:30am)
AU Weekly Payrolls w/e Nov 28 (11:30am)
CH Industrial Production Nov y/y exp 7.0% prev 6.9% (1pm)
CH Retail Sales Nov y/y exp 5.0% prev 4.3% (1pm)
UK ILO Unemployment Rate Oct exp 5.1% prev 4.8% (6pm)
US NY Empire Mfg Index Dec exp 6.9 prev 6.3 (12:30am)
US Import Price Index Nov exp 0.3% prev -0.1% (12:30am)
US Industrial Production Nov exp 0.3% prev 1.1% (1:15am)

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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