

Morning Report

Tuesday, 15 September 2020

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)		
S&P/ASX 200	5,899.5	0.7%			Last	Overnight Chg		Australia		
US Dow Jones	27,993.3	1.2%	10 yr bond	99.11		0.00	90 day BBSW	0.09	0.00	
Japan Nikkei	23,559.3	0.7%	3 yr bond	99.73		0.00	2 year bond	0.20	-0.02	
China Shanghai	3,436.4	0.6%	3 mth bill rate	99.90		0.00	3 year bond	0.24	-0.01	
German DAX	13,193.7	-0.1%	SPI 200	5,893.0		-13	3 year swap	0.15	0.00	
UK FTSE100	6,026.3	-0.1%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	0.87	-0.04
Commodities (close & change)*			TWI	62.2	-	-	62.2	United States		
CRB Index	146.5	0.1	AUD/USD	0.7284	0.7306	0.7256	0.7293	3-month T Bill	0.10	-0.01
Gold	1,957.8	11.7	AUD/JPY	77.32	77.59	77.02	77.09	2 year bond	0.14	0.01
Copper	6,769.3	83.3	AUD/GBP	0.5692	0.5716	0.5666	0.5676	10 year bond	0.67	0.01
Oil (WTI)	37.3	-0.1	AUD/NZD	1.0926	1.0931	1.0905	1.0878	Other (10 year yields)		
Coal (thermal)	55.2	-0.3	AUD/EUR	0.6148	0.6160	0.6136	0.6145	Germany	-0.48	0.00
Coal (coking)	113.5	0.0	AUD/CNH	4.9768	4.9948	4.9623	4.9649	Japan	0.02	-0.01
Iron Ore	125.6	2.3	USD Index	93.3	93.4	93.1	93.1	UK	0.19	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: A relatively quiet night in many markets but US merger and acquisition activity and expanded Phase 3 COVID-19 trials encouraged some market participants.

Share Markets: US markets lifted on a burst of merger and acquisition activity, combined with developments in the search for a COVID-19 vaccine. The Dow rose 1.2% while the S&P500 was up 1.3%. The Nasdaq rose 1.9% to move back above 11,000 points. In Europe, markets were mostly flat. The FTSE100 fell 0.1% as did the German Dax but the French CAC40 was up 0.4%.

Interest Rates: Interest rate markets were quiet overnight. US 10-year government bond yields fell 1 basis point to 0.67%. In Australia, RBA policy is holding interest rates, out to three years, steady and at historic lows.

Foreign Exchange: After hitting a high of US\$0.7306 overnight, the AUD slipped back to US\$0.7293, to start the day at almost the same level as yesterday. The US dollar index edged marginally lower to 93.1 while the AUD continues to hover around NZ\$1.09, reaching NZ\$1.0931 last night.

Commodities: A quiet night for commodities. The CRB index was flat, oil was unchanged at US\$37.3 per barrel but gold pushed a touch higher.

COVID-19: There were developments overnight as Pfizer and BioNTech submitted an amended proposal

to the US FDA to expand the enrolment in their Phase 3 COVID-19 vaccine trials. Pfizer's CEO said that it was 'likely' the US will deploy a vaccine to the public before year-end.

Australia: There were no major economic data releases published yesterday.

China: Home prices rose at a faster pace in August, adding to signs of a gradual recovery in China's property market. New home prices rose by 0.56% in August, following a rise of 0.47% in July. Annual growth eased slightly to 4.72% in August.

Europe: Eurozone industrial production rose 4.1% in July. The numbers remain volatile due to COVID-19 issues. Hours worked, over the year to July fell 7.7% which was not as weak as expected. There were upward revisions to previous readings.

New Zealand: The performance of services index fell to 46.9 in August, from 54.4 in July. The drop primarily reflected renewed lockdowns in August. A reading below 50.0 indicates the industry is contracting.

United States: No major data was released last night but tonight's calendar sees data on industrial production and manufacturing.

Today's key data and events:

NZ Westpac Consumer Confidence Q3 prev 97.2 (7am)
AU RBA Board Meeting Minutes for 1 Sep (11:30am)
AU ABS House Price Index Q2 prev 1.6% (11:30am)
CH Industrial Production Aug exp 5.1% prev 4.8% (12pm)
CH Retail Sales Aug exp 0.0% prev -1.1% (12pm)
CH Fixed Assets Ex Rural Aug YTD y/y exp -0.4% prev -1.6% (12pm)
CH Prop Investment Aug YTD y/y exp 4.1% prev 3.4% (12pm)
CH Surveyed Jobless Rate Aug exp 5.6% prev 5.7% (12pm)
EZ Labour Costs Q2 y/y prev 3.4% (7pm)
EZ ZEW Expectations Sep prev 64.0 (7pm)
UK ILO Unemp. Rate Jul 3 Months exp 4.1% prev 3.9% (4pm)
UK Employ. Change Jul 3m/3m exp -118k prev -220k (4pm)
US Empire Mfg Index Sep exp 6.5 prev 3.7 (10:30pm)
US Import Price Index Aug exp 0.5% prev 0.7% (10:30pm)
US Export Price Index Aug exp 0.4% prev 0.8% (10:30pm)
US Industrial Production Aug exp 1.0% prev 3.0% (11:15pm)

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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