

Morning Report

Tuesday, 16 February 2021

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)		
S&P/ASX 200	6,869	0.9%			Last	Overnight Chg		Australia		
US Dow Jones	31,458	Closed	10 yr bond	98.67				90 day BBSW	0.01	0.00
Japan Nikkei	30,084	1.9%	3 yr bond	99.81				2 year bond	0.10	0.00
China Shanghai	3,832	1.4%	3 mth bill rate	99.99				3 year bond	0.11	0.00
German DAX	14,109	0.4%	SPI 200	6,824.0				3 year swap	0.14	0.01
UK FTSE100	6,756	2.5%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	1.32	0.10
Commodities (close & change)*			TWI	63.7	-	-	63.9	United States		
CRB Index	185.3	1.6	AUD/USD	0.7761	0.7789	0.7759	0.7784	3-month T Bill	0.04	Closed
Gold	1,818.86	-5.4	AUD/JPY	81.43	82.05	81.43	82.00	2 year bond	0.11	Closed
Copper	8,351.50	62.8	AUD/GBP	0.5602	0.5609	0.5589	0.5597	10 year bond	1.21	Closed
Oil (WTI)	60.12	0.7	AUD/NZD	1.0745	1.0779	1.0739	1.0764	Other (10 year yields)		
Coal (thermal)	83.35	-1.6	AUD/EUR	0.6403	0.6420	0.6399	0.6417	Germany	-0.38	0.05
Coal (coking)	144.50	-3.6	AUD/CNH	4.9836	4.9893	4.9774	4.9862	Japan	0.08	0.01
Iron Ore	160.63	-0.6	USD Index	90.5	90.5	90.3	90.3	UK	0.57	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: Sentiment was upbeat as investors took comfort in the global vaccine deployment while a cold snap in Texas roiled the oil market. US markets were closed for Presidents Day.

Share Markets: European and Asian markets rallied on Monday supported by the vaccine rollout. The FTSE 100 rose 166 points (2.5%) after the UK hit its target to vaccinate 15 million people by mid-February.

The Nikkei was up 564 points (1.9%), the benchmark topping 30,000 for the first time since 1990.

The ASX 200 rose 62 points (0.9%) yesterday and ASX/SPI futures point towards a positive open.

Interest Rates: Australian 10-year bond yields rose 10 basis points to 1.32% driven by optimism over the US outlook for stronger growth and inflation, and progress in the global vaccine rollout. German and UK 10-year bond yields both added 5 basis points.

Foreign Exchange: The US dollar index was slightly weaker which saw the AUD/USD continue to edge higher, finishing at 0.7784. During trade the pair hit 0.7789, its highest level in more than a month.

Commodities: Oil prices continued to rise, with West Texas Intermediate rising above US\$60 a barrel for the first time in more than a year. The main driver has been freezing weather in Texas

which has caused rolling blackouts across the state, disrupting production. Copper was firmer while gold was little changed.

COVID-19: Australia's Health Minister yesterday said that the first 40,000 doses of the Pfizer vaccine have arrived in Australia. A recent Israeli study has found a 94% drop in symptomatic COVID-19 infections among 600,000 people who received two doses of the Pfizer vaccine.

Victoria's second international airport is being put forward as a possible site for a remote quarantine base. The plan would create a quarantine centre similar to Howard Springs near Darwin.

Australia: There was no data released yesterday.

Eurozone: European industrial production declined 1.6% in December. Data was weaker than consensus expectations of more modest decline. The Eurozone trade balance rose to €27.5 billion in December, beating consensus expectations for a modest decline.

Japan: Japan's economy clocked another quarter of double-digit growth in Q4. GDP grew at an annualised pace of 12.7% in Q4 from the prior quarter, continuing its recovery from the pandemic. The fourth quarter expansion followed a record 22.9% expansion in Q3. For 2020, GDP shrank 4.8%, the first contraction since the GFC.

New Zealand: The performance of services index

deteriorated in January to 47.9, from 49.1 in December. It is the third consecutive monthly reading below 50.0, which suggest activity in the services sector is soft.

United Kingdom: House prices rose 0.5% in February and lifted 3.0% in the twelve months to February, according to the latest data from Rightmove. House prices in London grew faster than the national average in February at a pace of 3.0%.

United States: There was no major data released in the US overnight.

Today's key data and events:

NZ REINZ House Sales Jan y/y prev 36.6% (7am)
AU RBA Board Minutes for Feb 2 Meeting (11:30am)
AU ABS Payroll Jobs and Wages Jan 30 (11:30am)
EZ Employment Jan prev 1.0% (9pm)
EZ GDP Q4 exp -0.7% prev -0.7% (9pm)
EZ ZEW Survey Expectations Feb prev 58.3 (9pm)
US Empire Mfg Index Feb exp 6.0 prev 3.5 (12:30am)
US Federal Reserve's George Speech (4am)
US Federal Reserve's Kaplan Speech (5am)
US Federal Reserve's Daly Speech (7am)

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.

Matthew Bunny, Economist
Ph: 02-8254-0023

Contact Listing

Chief Economist

Besa Deda
dedab@banksa.com.au
(02) 8254 3251

Senior Economist

Hans Kunnen
hans.kunnen@banksa.com.au
(02) 8254 1316

Economist

Matthew Bunny
matthew.bunny@banksa.com.au
(02) 8254 0023

The information contained in this report (the Information) is provided for, and is only to be used by, persons in Australia. The information may not comply with the laws of another jurisdiction. The Information is general in nature and does not take into account the particular investment objectives or financial situation of any potential reader. It does not constitute, and should not be relied on as, financial or investment advice or recommendations (expressed or implied) and is not an invitation to take up securities or other financial products or services. No decision should be made on the basis of the Information without first seeking expert financial advice. For persons with whom BankSA has a contract to supply Information, the supply of the Information is made under that contract and BankSA's agreed terms of supply apply. BankSA does not represent or guarantee that the Information is accurate or free from errors or omissions and BankSA disclaims any duty of care in relation to the Information and liability for any reliance on investment decisions made using the Information. The Information is subject to change. Terms, conditions and any fees apply to BankSA products and details are available. BankSA or its officers, agents or employees (including persons involved in preparation of the Information) may have financial interests in the markets discussed in the Information. BankSA owns copyright in the information unless otherwise indicated. The Information should not be reproduced, distributed, linked or transmitted without the written consent of BankSA.

Any unauthorized use or dissemination is prohibited. Neither BankSA- A Division of Westpac Banking Corporation ABN 33 007 457 141 AFSL 233714 ACL 233714, nor any of Westpac's subsidiaries or affiliates shall be liable for the message if altered, changed or falsified.
