

Morning Report

Tuesday, 17 August 2021

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)		
S&P/ASX 200	7,582	-0.6%	Last		Overnight Chg			Australia		
US Dow Jones	35,625	0.3%	10 yr bond	98.84	-0.01			90 day BBSW	0.02	0.00
Japan Nikkei	27,523	-1.6%	3 yr bond	99.72	0.00			2 year bond	0.04	-0.01
China Shanghai	3,686	0.0%	3 mth bill rate	99.98	-0.01			3 year bond	0.26	-0.05
German DAX	15,926	-0.3%	SPI 200	7,509.0	9			3 year swap	0.40	-0.03
UK FTSE100	7,154	-0.9%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	1.16	-0.06
Commodities (close & change)*			TWI	61.5	-	-	61.4	United States		
CRB Index	216.0	-1.0	AUD/USD	0.7368	0.7373	0.7319	0.7336	3-month T Bill	0.06	0.01
Gold	1,787.45	7.7	AUD/JPY	80.80	80.88	79.89	80.18	2 year bond	0.21	0.00
Copper	9,542.75	105.8	AUD/GBP	0.5314	0.5315	0.5282	0.5300	10 year bond	1.27	-0.01
Oil (WTI)	67.29	-1.1	AUD/NZD	1.0462	1.0470	1.0424	1.0447	Other (10 year yields)		
Coal (thermal)	169.75	1.7	AUD/EUR	0.6247	0.6250	0.6216	0.6230	Germany	-0.47	0.00
Coal (coking)	222.00	1.8	AUD/CNH	4.7728	4.7769	4.7423	4.7512	Japan	0.02	-0.01
Iron Ore	160.50	-0.5	USD Index	92.5	92.7	92.5	92.6	UK	0.57	0.00

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

Main Themes: US stock markets initially fell following weaker-than-expected economic data from China and the US, before recovering their early losses. The S&P 500 posted a new all-time high. The US dollar rose against a basket of major currencies.

Share Markets: The S&P 500 rose by 0.3% to close at another record high. The index closed at its 49th record high this year and has risen by 100% since the lows of March 2020. The NASDAQ fell by 0.2%.

The ASX 200 fell by 0.6%. Futures are pointing to a positive open today.

Interest Rates: The US 10-year yield fell by 1 basis point to 1.27% while the 2-year yield was broadly unchanged at 0.21%.

The Australian 3-year government bond yield (futures) were unchanged at 0.29%. The 10-year government bond yield (futures) rose from 1.16% to 1.17%.

Foreign Exchange: The USD Index rose from a low of 92.5 to a high of 92.7, before settling at 92.6.

The AUD/USD pair fell from a high of 0.7373 to a low of 0.7319, before recovering to be 0.7336.

Commodities: Oil prices fell for a third consecutive day and iron ore was also down. Gold, copper and coal prices rose.

COVID-19: NSW recorded 478 new cases yesterday. This was the highest number of daily infections on record in NSW. Elsewhere, the ACT recorded 19

new cases and Victoria 22.

The Northern Territory recorded 1 new case yesterday and entered a snap 3-day lockdown.

The current lockdowns in both the ACT and Victoria have been extended for a further 2 weeks.

Tighter restrictions were also announced in Victoria, including a curfew.

Australia: There were no major economic data releases yesterday.

China: Yesterday's data showed China's pace of economic activity slowed in July. Fresh virus outbreaks linked to the fast-spreading Delta variant have added new risks to a recovery already hit by floods and faltering global demand. Retail sales rose 8.5% in the 12 months to July, down from 12.1% in June. Industrial production growth eased further in July to 6.4% in year-end terms, from 8.3% in June.

Japan: Japan's economy rebounded in the second quarter thanks to capital expenditure and consumption showing signs of recovery. GDP grew by 0.3%, according to preliminary estimates. This outcome beat consensus expectations for growth of 0.1%. The annualised pace of expansion in the second quarter was 1.3%, following a revised fall of 3.7% in the previous quarter.

United Kingdom: House prices fell for the first time this year. Demand slowed for bigger homes after the government scaled back its stamp duty tax break for buyers in England and Northern Ireland.

Rightmove data showed that prices fell 0.3% in August and rose 5.6% in the year to August.

United States: Manufacturing activity in New York State fell by more than expected but remained in expansionary territory. The New York Fed's Empire State manufacturing survey fell to 18.3 in August. This is down from a record high of 43.0 in July and below consensus expectations of 28.5. Despite the fall, the headline index is at an elevated level. Businesses remain optimistic despite supply-chain bottlenecks and inflation pressures. The index has remained in expansionary territory since July 2020.

Today's key data and events:

AU Roy Morgan Cons. Confidence w/e Aug 15 prev 98.6
(9:30am)

AU RBA Board Meeting Minutes (11:30am)

UK ILO Unemploy. Rate Jun exp 4.8% prev 4.8% (4pm)

EZ GDP Q2 Prel. exp 2.0% prev 2.0% (7pm)

EZ Employment Q2 Prel. prev -0.3% (7pm)

US Retail Sales Jul exp -0.2% prev 0.6% (10:30pm)

US Industrial Prod'n Jul exp 0.5% prev 0.4% (11:15pm)

US Business Inventories Jun exp 0.8% prev 0.5% (12am)

US NAHB Housing Market Index Aug exp 80 prev 80
(12am)

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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