

Morning Report

Monday, 19 April 2021

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)			
S&P/ASX 200	7,063	0.1%			Last	Overnight Chg		Australia			
US Dow Jones	34,201	0.5%	10 yr bond		98.29	-0.02		90 day BBSW	0.04	0.00	
Japan Nikkei	29,683	0.1%	3 yr bond		99.74	0.00		2 year bond	0.08	0.00	
China Shanghai	3,592	0.8%	3 mth bill rate		99.95	0.00		3 year bond	0.28	0.00	
German DAX	15,460	1.3%	SPI 200		7,071.0	37		3 year swap	0.33	-0.01	
UK FTSE100	7,020	0.5%	FX Last 24 hrs		Open	High	Low	Current	10 year bond	1.74	-0.03
Commodities (close & change)*			TWI		64.4	-	-	64.6	United States		
CRB Index	193.2	-0.7	AUD/USD		0.7754	0.7759	0.7724	0.7727	3-month T Bill	0.01	0.00
Gold	1,776.51	12.6	AUD/JPY		84.32	84.38	84.02	84.06	2 year bond	0.16	0.00
Copper	9,225.50	-69.8	AUD/GBP		0.5625	0.5637	0.5583	0.5587	10 year bond	1.58	0.00
Oil (WTI)	63.13	-0.3	AUD/NZD		1.0805	1.0851	1.0797	1.0832	Other (10 year yields)		
Coal (thermal)	89.45	2.4	AUD/EUR		0.6478	0.6479	0.6445	0.6448	Germany	-0.26	0.03
Coal (coking)	118.17	0.0	AUD/CNH		5.0602	5.0614	5.0416	5.0423	Japan	0.09	0.00
Iron Ore	172.23	0.2	USD Index		91.7	91.8	91.5	91.6	UK	0.76	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: Share markets extended records on strong economic data and US corporate earnings.

Share Markets: It was another solid day for equity markets. In the US, the Dow increased 0.5%, while the German Dax rose 1.3%. The ASX 200 ticked up 0.1%. The catalyst was strong Chinese data and robust US bank earnings.

Interest Rates: 10-year US Treasury yields were little changed while the Australian government 10-year yields slipped 3 basis points to 1.74%.

Foreign Exchange: The US dollar index declined slightly to close at 91.6. The Australian dollar traded in a narrow range, ending a little down.

Commodities: Commodities were mixed. Oil and copper slipped while iron ore and gold strengthened.

Australia: The federal government has extended the deadline to begin construction under the HomeBuilder program. Those eligible for the grant before its March 31 conclusion will now have until September 2022 to commence construction, rather than September this year. The government said more than 121,000 people applied for the grant. The Housing Industry Association says the extension will allow more of the homes to actually be built.

Sydney recorded three new COVID-19 cases in hotel quarantine, believed to have been acquired from an adjoining room in a city quarantine hotel. The incident has added to debate around possible

shortcomings of the hotel quarantine system, given the rise of more infectious strains of the virus.

China: China's economy soared in the first quarter. GDP increased a record 18.3% in the March quarter compared to last year, largely in line with forecasts. These figures are distorted by base effects from when the economy was shut to curb the pandemic.

On a quarterly basis, GDP growth slowed to 0.6% from 3.2% in the September quarter. This likely reflects new virus cases at the start of the year and ensuing travel restrictions over the Lunar New Year holiday.

Retail sales grew 34.2% over the year to March, beating expectations while growth in industrial production eased to 14.1% year on year. China's rebound had been led by industrial output and exports after the pandemic drove demand for medical goods and work-from-home equipment. Consumer spending had been trailing but these data show a material improvement.

China's economy has surged ahead most of the world in recovering from the pandemic. Effective containment measures, large scale public investment and central bank support saw China recovering all lost ground by September.

Europe: Euro area CPI came in at 1.3% over the year to March, unchanged from its preliminary release. Inflation in the euro area has been climbing recently, largely reflecting a number of technical

and one-off factors including energy price base effects and rising fuel costs.

The euro area had a €18.4b trade surplus in February, down from €24.2b in January. Exports declined and imports rose.

United States: Housing starts jumped 19.4% in March to 1.74 million in annualised terms, beating forecasts. There is a construction backlog stemming from strong housing demand during the pandemic and disruptions due severe winter weather.

The University of Michigan Consumer Sentiment Index rose to 86.5 in April following another round of fiscal stimulus and an acceleration in jobs growth. Despite rising inflation expectations, the index is at its highest level since February 2020.

Today's key data and events:

JN Industrial Production Feb final (2:30pm)

UK Rightmove House Prices Apr prev 0.8% (9:01am)

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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