

# Morning Report

Tuesday, 19 January 2021

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)		
S&P/ASX 200	6,663	-0.8%	<b>Last</b>		<b>Overnight Chg</b>			<b>Australia</b>		
US Dow Jones	30,814	-0.6%	10 yr bond	98.93	0.01			90 day BBSW	0.01	0.00
Japan Nikkei	28,242	-1.0%	3 yr bond	99.83	0.00			2 year bond	0.10	0.00
China Shanghai	3,770	0.8%	3 mth bill rate	99.99	0.00			3 year bond	0.11	0.00
German DAX	13,848	0.4%	SPI 200	6,639.0	42			3 year swap	0.15	0.00
UK FTSE100	6,721	-0.2%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	1.07	-0.01
<b>Commodities (close &amp; change)*</b>			TWI	63.8	-	-	63.4	<b>United States</b>		
CRB Index	175.2	-1.5	AUD/USD	0.7707	0.7711	0.7659	0.7685	3-month T Bill	0.08	0.00
Gold	1,841.26	12.8	AUD/JPY	79.98	80.07	79.51	79.68	2 year bond	0.13	0.00
Copper	7,968.00	30.3	AUD/GBP	0.5670	0.5675	0.5652	0.5656	10 year bond	1.08	0.00
Oil (WTI)	52.09	-0.3	AUD/NZD	1.0791	1.0810	1.0785	1.0804	<b>Other (10 year yields)</b>		
Coal (thermal)	87.05	-1.7	AUD/EUR	0.6374	0.6383	0.6349	0.6364	Germany	-0.53	0.02
Coal (coking)	127.10	1.1	AUD/CNH	4.9945	4.9986	4.9825	4.9918	Japan	0.06	0.01
Iron Ore	170.26	1.2	USD Index	90.8	91.0	90.7	90.7	UK	0.29	0.00

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:** US markets were closed and there was limited news, apart from ongoing growth in the Chinese economy. COVID-19 continues to play havoc around the world.

**Share Markets:** US markets were closed and markets in Europe were mixed. The FTSE100 fell 0.2%, the German Dax was up 0.4% and the French CAC40 rose just 0.1%.

The ASX200 fell 0.8% but, based on the futures market, appears set for a positive start to the day.

**Interest Rates:** A very quiet day on Australian markets and overseas. US markets were closed and in Australia, 10-year government bond yields fell 1 basis point to 1.07%. The remainder of the local yield curve remained steady with 3-year swaps at 0.15% and 3-year government bond yields at 0.11%.

**Foreign Exchange:** The US dollar index was marginally weaker, and the AUD traded in a fairly narrow band, beginning today a little below where it opened on Monday.

**Commodities:** Oil was marginally weaker overnight, but iron ore edged above \$US170 per metric tonne. Gold also edged higher.

**COVID-19:** There no reported cases of local transmission in Australia yesterday. Some State border restrictions were eased but the situation remains complex. There are now doubts among Australian authorities that Australia's international

borders will re-open in 2021.

Infection rates appear to have peaked the UK, the US and Germany, but are still at disturbingly high levels.

**Australia:** No major data released. Upcoming major releases include job growth and unemployment figures on Thursday and the CPI on Wednesday 27<sup>th</sup> January. The Westpac/Melbourne Institute index of consumer sentiment will be released tomorrow.

**China:** Economic growth continues apace in China. GDP grew 6.5% over the year December. Over the same period, industrial production rose 7.3% while retail sales were up 4.6%. As of December, the official unemployment rate in China stood at 5.2%. This is well down from the peak of 6.2% reached in February 2020 but in line with levels seen in the latter months of 2019.

China is likely the only major economy to expand during 2020. The results for other major economies will only be known in the months ahead.

**United Kingdom:** Home prices fell 0.9% in January as sellers tried to speed up transactions with discounts before a temporary reduction in a hefty tax on home-buying ends, according to property website, Rightmove. The annual pace of growth in house prices has fallen from 6.6% in the 12 months to December to 3.3% in the twelve months to January. Despite the biggest economic slump in

three centuries, the number of home sales in 2020 was up 10% on 2019.

**United States:** Markets were closed yesterday for the Martin Luther King Jr. public holiday. There were no statistics released overnight and nothing major tonight as the US gears up for the inauguration of a new President.

Bloomberg is reporting the expectation that, should Janet Yellen become the US Treasury Secretary, she would welcome a weaker US dollar as an aid to US economic recovery.

**Today's key data and events:**

AU Payroll Jobs and Wages w/e 2 Jan (11:30am)

EZ EU ZEW Expectations Jan prev 54.4 (9:00pm)

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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