bankSA

Morning Report

Monday, 20 September 2021

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)		
S&P/ASX 200	7,404	-0.8%		Last		Overnight Chg		**Australia**		
US Dow Jones	34,585	-0.5%	10 yr bond	98.65		-0.02		90 day BBSW	0.01	0.00
Japan Nikkei	30,500	0.6%	3 yr bond	99.62		-0.01		2 year bond	0.01	0.00
China Shanghai	3,788	0.2%	3 mth bill rate	99.97		-0.01		3 year bond	0.25	0.02
German DAX	15,490	-1.0%	SPI 200	7,302.0		-68		3 year swap	0.44	0.01
UK FTSE100	6,964	-0.9%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	1.30	0.04
Commodities (close & change)*			TWI	61.0	-	-	61.0	**United States**		
CRB Index	222.1	-1.8	AUD/USD	0.7295	0.7347	0.7274	0.7266	3-month T Bill	0.03	0.00
Gold	1,752.97	-1.4	AUD/JPY	80.04	80.37	79.75	79.90	2 year bond	0.22	0.00
Copper	9,307.25	-49.8	AUD/GBP	0.5289	0.5306	0.5282	0.5291	10 year bond	1.36	0.02
Oil (WTI)	71.97	-0.6	AUD/NZD	1.0314	1.0320	1.0280	1.0326	**Other (10 year yields)**		
Coal (thermal)	177.65	2.2	AUD/EUR	0.6199	0.6226	0.6184	0.6195	Germany	-0.28	0.02
Coal (coking)	389.67	26.2	AUD/CNH	4.7076	4.7223	4.6946	4.7028	Japan	0.05	0.00
Iron Ore	101.30	-0.4	USD Index	92.9	93.0	92.5	93.2	UK	0.85	0.03

Data as at 8:00am AEST. Change from previous trading day (excluding the SFE which is the change during the night session). Source: Bloomberg.

Main Themes: Concerns about the economic outlook because of the delta outbreak impacted investor sentiment on Friday. Major global share markets fell and global bond yields rose. Financial markets are also looking ahead to this week where central bank meetings will dominate and there is a risk the Fed signals a start to tapering.

Share Markets: US share markets dropped on Friday, with the S&P 500 falling the most in nearly a month on concerns over the delta strain's impact on the economy and risks from China. The S&P 500 41 points (or -0.9%). Meanwhile, the Dow fell 166 points (or -0.5%) and the Nasdaq dropped 138 points (or -0.9%).

Interest Rates: The US 2-year yield ended the session unchanged at 0.22% and the 10-year rose 2 basis points to 1.36%.

Foreign Exchange: The US dollar index appreciated 0.3% in Friday night's trading sessions, outperforming all the majors. The AUD/USD fell from 0.7347 to an overnight low of 0.7274 amid this broad-based USD strength.

Commodities: Iron ore prices fell to a 15-month low on Friday.

COVID-19: NSW recorded 1,083 new cases yesterday and 13 deaths. From today, NSW's local government areas of concern will be subjected to the same lockdown rules and stay-at-home orders as the rest of Greater Sydney.

The NSW and Commonwealth governments have announced that they will launch a home quarantine pilot program for around 175 people in Greater Sydney next month. The participants in the program must have had both doses of a TGA-accredited COVID-19 vaccine. The isolation period required will be reduced from 14 to seven days.

In Victoria recorded 507 new cases were recorded yesterday. Victoria's Premier announced yesterday a roadmap out of lockdown. It included some restrictions lifting once 70% of Victorian adults are fully vaccinated - expected to be around 26 October.

The ACT recorded 17 cases yesterday and Queensland recorded no new cases.

Australia: There were no major economic data releases on Friday.

Eurozone: The consumer price index for August was finalised unchanged from the preliminary high reading of 3.0% year-on-year. Core also remained at an annual growth rate of 1.6%.

New Zealand: The BusinessNZ performance of manufacturing index plummeted 22.1 points to 40.1 in August, from 62.2 in July. The reading of below 50 indicates that manufacturing activity contracted over the month. The recent Delta outbreak caused the large slump in the index, as the country entered

a nationwide lockdown mid-way through August.

United Kingdom: British retail sales unexpectedly fell again last month (-0.9%) in what is now a record streak of monthly declines. Sales have fallen steadily since a peak in April shortly after COVID-19 restrictions were lifted on shops.

The data adds to concerns about the economic recovery, although sales volumes remain well above pre-pandemic levels.

United States: The University of Michigan's rebounded slightly to a preliminary September reading of 71.0 from a final August reading of 70.3. Consensus expected a reading of 72.0.

Though the index improved slightly from last month, it remains close to the roughly 10-year low seen in August, with consumers feeling worse about the economy today than at any point during the COVID-19 pandemic.

The sub index of consumers' views of current conditions fell to 77.1 in September from 78.5 in August, while the sub indicator of expectations rose to 67.1 from 65.1 in August.

Household inflation expectations for the next 5 years held steady at 2.9%, well above its pre-pandemic level of 2.3%. And expectations for 1 year inflation edged up 1 basis point to 4.7%.

Today's key data and events:

UK Rightmove House Prices Sep prev -0.3% (9:01am)

EZ ECB's Schnabel speaks in Riga Conference (8:35pm)

US NAHB Housing Market Index Sep exp 74 prev 75 (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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