

Morning Report

Wednesday, 21 April 2021

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)		
S&P/ASX 200	7,018	-0.7%	Last		Overnight Chg			Australia		
US Dow Jones	33,821	-0.8%	10 yr bond	98.29	0.02			90 day BBSW	0.04	0.00
Japan Nikkei	29,100	-2.0%	3 yr bond	99.73	0.00			2 year bond	0.08	0.00
China Shanghai	3,640	-0.1%	3 mth bill rate	99.94	-0.01			3 year bond	0.32	0.05
German DAX	15,130	-1.6%	SPI 200	6,911.0	-86			3 year swap	0.33	0.00
UK FTSE100	6,860	-2.0%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	1.78	0.06
Commodities (close & change)*			TWI	64.5	-	-	64.7	United States		
CRB Index	193.8	-0.2	AUD/USD	0.7754	0.7816	0.7709	0.7724	3-month T Bill	0.01	0.00
Gold	1,778.75	7.3	AUD/JPY	83.86	84.72	83.36	83.49	2 year bond	0.15	-0.01
Copper	9,380.75	163.3	AUD/GBP	0.5545	0.5583	0.5535	0.5543	10 year bond	1.56	-0.05
Oil (WTI)	62.67	-0.8	AUD/NZD	1.0807	1.0823	1.0749	1.0771	Other (10 year yields)		
Coal (thermal)	89.20	-1.1	AUD/EUR	0.6442	0.6476	0.6411	0.6418	Germany	-0.26	-0.03
Coal (coking)	120.00	1.3	AUD/CNH	5.0483	5.0724	5.0135	5.0208	Japan	0.09	0.00
Iron Ore	182.95	6.6	USD Index	91.1	91.3	90.9	91.2	UK	0.73	-0.02

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: Concerns over rising COVID-19 case numbers weighed on markets overnight. Equities slipped, bond yields fell and the US dollar strengthened.

Share Markets: Stocks declined for the second day as concerns over COVID-19 infections around the world overshadowed solid earnings results. Sectors like airlines and cruise companies are under pressure once more on speculation that economies may not reopen as quickly as previously thought. The Dow was down 0.8%, the Dax dropped 1.6% and the FTSE tumbled 2.0%. The ASX 200 fell 0.7% and futures point to a weak open.

Interest Rates: The yield on US 10-year Treasuries slipped 5 basis points to 1.56%. Australian 10-year government bond yields rose 6 basis points to 1.78%.

Foreign Exchange: The Australian dollar broke above 0.7800 for the first time in over a month before falling to finish at 0.7724. The US dollar strengthened on risk-off sentiment to close at 91.2.

Commodities: Oil declined as mounting COVID-19 cases point to an uneven demand recovery. Copper and gold firmed.

COVID-19: Concerns are growing as countries like India, Brazil and Japan struggle with renewed outbreaks. There are calls to cancel the Tokyo Olympics.

Australia: The minutes of the Reserve Bank's board

meeting earlier this month did not contain much in the way of new information. The minutes suggested the RBA was more upbeat on the economy but still expects soft inflation outcomes for several years.

The weekly survey of consumer confidence published by Roy Morgan fell slightly to 114.0 in the latest week. However, it remains very close to its post-pandemic high of 114.1.

The government announced more than \$539 million in new funding for emissions-reductions projects. The investment will be included in the annual budget announced on May 11.

China: The People's Bank of China (PBoC) kept the one-year loan prime rate (LPR) and five-year LPR unchanged at 3.85% and 4.65% respectively for the 12th month in a row. This decision was in line with widely-held expectations.

United Kingdom: The unemployment rate fell to 4.9% in the three months to February (5.0% expected). Employment declined by 73,000. More generally, the furlough scheme is providing an effective safety net. The jobs market will be tested when the program ends in September.

United States: Former Minneapolis police officer Derek Chauvin was found guilty of killing George Floyd. Video footage of Chauvin kneeling on the neck of Floyd went viral, prompting protests around the world and sparking a reckoning on institutional racism.

Today's key data and events:

NZ CPI Q1 exp 0.8% prev 0.5% (8:45am)

AU Retail Sales Mar exp 1.0% prev -0.8% (11:30am)

UK Core CPI Mar y/y exp 1.1% prev 0.9% (4pm)

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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