

Morning Report

Thursday, 22 April 2021

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)			
S&P/ASX 200	6,997	-0.3%			Last	Overnight Chg		Australia			
US Dow Jones	34,137	0.9%	10 yr bond		98.32	0.00		90 day BBSW	0.04	0.00	
Japan Nikkei	28,509	-2.0%	3 yr bond		99.73	-0.01		2 year bond	0.07	-0.01	
China Shanghai	3,640	0.0%	3 mth bill rate		99.94	-0.01		3 year bond	0.30	-0.02	
German DAX	15,196	0.4%	SPI 200		7,006.0	37		3 year swap	0.33	0.00	
UK FTSE100	6,895	0.5%	FX Last 24 hrs		Open	High	Low	Current	10 year bond	1.73	-0.05
Commodities (close & change)*			TWI		64.7	-	-	64.1	United States		
CRB Index	193.7	-0.1	AUD/USD		0.7724	0.7762	0.7700	0.7756	3-month T Bill	0.01	-0.01
Gold	1,793.79	15.0	AUD/JPY		83.49	83.93	83.22	83.82	2 year bond	0.15	0.00
Copper	9,326.25	-54.5	AUD/GBP		0.5543	0.5569	0.5534	0.5569	10 year bond	1.56	0.00
Oil (WTI)	61.04	-1.6	AUD/NZD		1.0771	1.0781	1.0741	1.0756	Other (10 year yields)		
Coal (thermal)	87.20	-2.0	AUD/EUR		0.6418	0.6450	0.6407	0.6445	Germany	-0.26	0.00
Coal (coking)	114.00	-6.0	AUD/CNH		5.0208	5.0370	5.0047	5.0332	Japan	0.08	-0.01
Iron Ore	180.97	-2.0	USD Index		91.2	91.4	91.1	91.1	UK	0.74	0.01

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 and European equities rebounded while government bond yields were fairly stable. Canada became the first of the major economies to signal a reduction in monetary stimulus.

Share Markets: Equities were mixed overnight. Investors are weighing up whether growing virus worries in Asia and uneven vaccine rollouts could jeopardise an economic rebound. The Dow rose 0.9% and the Dax was up 0.4%. The Nikkei fell 2.0% alongside mounting COVID-19 concerns. The ASX 200 slipped 0.3%.

Interest Rates: Australian 10-year government bonds declined 5 basis points to 1.73%. US Treasury yields were little changed.

Foreign Exchange: The Australian dollar bounced off 0.7700 to 0.7756. The US dollar was a touch softer.

Commodities: The price of WTI crude oil fell as US inventories unexpectedly increased. Gold advanced and copper slipped.

COVID-19: India reported a record 294k new cases. Meanwhile Japan is pondering major lockdowns during the upcoming Golden Week holidays.

Australia: Preliminary estimates show retail trade jumped 1.4% in March, beating economists' median estimate of a 1.0% increase. The rise follows a 0.8% decline in February.

The increase was led by Victoria (4.0%) and WA

(5.5%), which rebounded from snap lockdowns in February. There was a small decline in Queensland alongside a 3-day lockdown at the end of March. By industry, cafes, restaurants & takeaway services led the rise as restrictions eased in Victoria and WA.

Over the year, sales are up 2.3% in March, following 9.1% annual growth in February. The step down in annual growth reflects base effects - the introduction of COVID-19 restrictions in March 2020 triggered a stockpiling rush, especially in food staples and toilet paper.

Looking forward, we expect retail sales will be supported by low interest rates, the upturn in housing, improving labour market conditions and elevated consumer confidence.

New Zealand: Consumer prices rose 0.8% in the March quarter, in line with market expectations but below the Reserve Bank of New Zealand's (RBNZ) forecast. The annual inflation rate inched up to 1.5% from 1.4% previously.

Inflation in New Zealand is expected to pick up temporarily in the coming period, mainly due to supply disruptions. The RBNZ is expected to leave its policy rate unchanged for some time.

United Kingdom: Consumer prices rose 0.3% in March, a touch softer than the 0.4% expected. Consumer prices were up 0.7% over the year.

The Bank of England has flagged it expects a sharp pick up in inflation this year but cautioned because

it will be driven by energy prices, it will have limited implications for the medium-term inflation outlook.

Canada: The Bank of Canada left its policy rate unchanged, as expected, and reduced the pace of its bond purchases from CAD4bn per week to CAD3bn. Canada's economic outlook has improved after a run of strong data. The GDP growth forecast for 2021 was revised up to 6.5% from 4.0%.

World: President Biden's two-day virtual climate summit kicks off today with the aim of invigorating the fight against global warming. Heads of state from 40 nations will be in attendance, including Xi Jinping and Vladimir Putin. The US will likely push allies to pledge stronger emissions cuts although many countries are still not on board.

Today's key data and events:

EZ ECB Monetary Policy Meeting prev 0.0% (9:45pm)

EZ Consumer Confidence Apr (12:00am)

US Chicago Fed Nat Act Index Mar prev -1.1 (10:30pm)

Existing Home Sales Mar prev -6.6% (12:00am)

US Kansas City Fed index Apr prev 26 (1:00am)

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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