

Morning Report

Thursday, 25 March 2021

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)		
S&P/ASX 200	6,779	0.5%			Last	Overnight Chg		Australia		
US Dow Jones	32,420	0.0%	10 yr bond	98.30				90 day BBSW	0.03	0.00
Japan Nikkei	28,406	-2.0%	3 yr bond	99.76				2 year bond	0.08	0.00
China Shanghai	3,529	-1.3%	3 mth bill rate	99.96				3 year bond	0.10	-0.01
German DAX	14,610	-0.4%	SPI 200	6,737.0				3 year swap	0.28	0.00
UK FTSE100	6,713	0.2%	FX Last 24 hrs					10 year bond	1.65	-0.08
Commodities (close & change)*			TWI	64.1	-	-	63.5	United States		
CRB Index	187.9	3.4	AUD/USD	0.7626	0.7636	0.7580	0.7585	3-month T Bill	0.02	0.01
Gold	1,734.69	7.6	AUD/JPY	82.80	83.04	82.29	82.48	2 year bond	0.15	0.00
Copper	8,985.25	-5.8	AUD/GBP	0.5547	0.5562	0.5533	0.5541	10 year bond	1.61	-0.01
Oil (WTI)	60.86	3.1	AUD/NZD	1.0899	1.0931	1.0865	1.0889	Other (10 year yields)		
Coal (thermal)	95.40	0.8	AUD/EUR	0.6438	0.6447	0.6407	0.6421	Germany	-0.35	-0.01
Coal (coking)	114.00	1.0	AUD/CNH	4.9715	4.9790	4.9491	4.9520	Japan	0.07	-0.01
Iron Ore	151.74	0.6	USD Index	92.3	92.6	92.3	92.6	UK	0.76	-0.01

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: Weakness on Wall Street and softer bond yields.

Share Markets: After a bright start, the Dow ended flat and the S&P500 slipped 0.1%. The Nasdaq declined for a second day, falling 2.0% to be down 9.1% from its high in mid-February 2021.

European markets were mixed with the Dax down 0.4% and the FTSE100 up 0.2%.

The Australian SPI 200 is down 12 suggesting a soft start to the day's trade.

Interest Rates: Australian 10-year government bond yield fell a further 8 basis points yesterday to 1.65%. Their US equivalent was down just 1 basis point to 1.61%. Despite recent movements, up and down, 10-year yields remain close to historical lows in Australia.

Foreign Exchange: The US dollar index rose further overnight to 92.6, its highest level since November 2020. The increase came on the back of encouraging economic news. The AUD subsequently fell further into the US 75 cent range and is currently close to its lows of the past 24 hours.

Commodities: Oil was firmer as a blockage in the Suez Canal threatened supplies and stronger demand emerged out of Europe. Iron was a touch firmer as was coal. Copper and gold were relatively steady.

Australia: No major data released but the eastern

seaboard continues to count the cost of flood damage and disrupted supply chains.

New Zealand: New Zealand's trade balance improved, as expected, to a NZ\$181 million surplus in February, from a deficit of \$626 million in January. Imports eased and exports increased. Over the year, exports were down 8.5% and imports were down 1.1%.

Europe: Consumer confidence improved in March but remains weak. The European Commission's index of consumer confidence rose from negative 14.8 in February to negative 10.8 in March as lockdowns and COVID-19 concerns continued to weigh on sentiment.

The Eurozone Markit services purchasing manager's index (PMI) reported a modest improvement but remained below 50, the level at which expansion is expected. The services index rose to 48.8 in March following a reading of 45.7 in February. The equivalent manufacturing index was more positive, rising to 62.4 in March from 57.9 in February.

United Kingdom: Annual core consumer inflation in the UK fell from 1.4% in January to 0.9% in February. The Bank of England's target for inflation is 2%, a pace not seen since late 2018. A temporary spike in UK inflation is expected around April following lockdown-discounts offered by retailers.

United States: Durable good orders slipped 1.1% in

February but this followed a 3.5% surge in January. The US Markit manufacturing PMI rose to 59.0 in March while the services PMI rose to 60.0. Both suggest solid expansion in the US economy in the months ahead.

Today's key data and events:

AU ABS Business Conditions & Sentiments Mar (11:30am)

EZ M3 Money Supply Feb prev 12.5% exp 12.5% (8:00pm)

US GDP Q4 Final (11:30pm)

Annualised q/q prev 33.4% exp 4.1%

US Kansas City Fed Index Mar prev 24 exp 26 (2:00am)

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.

Hans Kunnen, Senior Economist

Ph: 02-8254-1316

Contact Listing

Chief Economist

Besa Deda
dedab@banksa.com.au
(02) 8254 3251

Senior Economist

Hans Kunnen
hans.kunnen@banksa.com.au
(02) 8254 1316

Economist

Matthew Bunny
matthew.bunny@banksa.com.au
(02) 8254 0023

The information contained in this report (the Information) is provided for, and is only to be used by, persons in Australia. The information may not comply with the laws of another jurisdiction. The Information is general in nature and does not take into account the particular investment objectives or financial situation of any potential reader. It does not constitute, and should not be relied on as, financial or investment advice or recommendations (expressed or implied) and is not an invitation to take up securities or other financial products or services. No decision should be made on the basis of the Information without first seeking expert financial advice. For persons with whom BankSA has a contract to supply Information, the supply of the Information is made under that contract and BankSA's agreed terms of supply apply. BankSA does not represent or guarantee that the Information is accurate or free from errors or omissions and BankSA disclaims any duty of care in relation to the Information and liability for any reliance on investment decisions made using the Information. The Information is subject to change. Terms, conditions and any fees apply to BankSA products and details are available. BankSA or its officers, agents or employees (including persons involved in preparation of the Information) may have financial interests in the markets discussed in the Information. BankSA owns copyright in the information unless otherwise indicated. The Information should not be reproduced, distributed, linked or transmitted without the written consent of BankSA.

Any unauthorized use or dissemination is prohibited. Neither BankSA- A Division of Westpac Banking Corporation ABN 33 007 457 141 AFSL 233714 ACL 233714, nor any of Westpac's subsidiaries or affiliates shall be liable for the message if altered, changed or falsified.
