

Morning Report

Friday, 25 September 2020

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)		
S&P/ASX 200	5,875.9	-0.8%			Last	Overnight Chg		Australia		
US Dow Jones	26,815.4	0.2%	10 yr bond		99.15	0.01		90 day BBSW	0.08	-0.01
Japan Nikkei	23,087.8	-1.1%	3 yr bond		99.79	0.01		2 year bond	0.15	0.00
China Shanghai	3,378.0	-1.7%	3 mth bill rate		99.93	-0.01		3 year bond	0.16	-0.02
German DAX	12,606.6	-0.3%	SPI 200		5,862.0	7		3 year swap	0.14	-0.01
UK FTSE100	5,822.8	-1.3%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	0.80	0.00
Commodities (close & change)*			TWI		60.8	-	-	60.3	United States	
CRB Index	148.4	0.6	AUD/USD	0.7075	0.7081	0.7016	0.7047	3-month T Bill	0.09	0.00
Gold	1,868.1	4.8	AUD/JPY	74.54	74.63	73.98	74.29	2 year bond	0.13	-0.01
Copper	6,616.7	-163.3	AUD/GBP	0.5560	0.5563	0.5501	0.5527	10 year bond	0.67	-0.01
Oil (WTI)	40.3	0.4	AUD/NZD	1.0797	1.0806	1.0754	1.0769	Other (10 year yields)		
Coal (thermal)	63.5	0.7	AUD/EUR	0.6068	0.6071	0.6027	0.6037	Germany	-0.50	0.00
Coal (coking)	123.4	3.9	AUD/CNH	4.8303	4.8330	4.8011	4.8095	Japan	0.01	0.00
Iron Ore	113.1	1.4	USD Index	94.4	94.6	94.2	94.3	UK	0.22	0.00

Data as at 7.45am. Change from previous trading day (excluding the SFE which is the change during the night session). Source: Bloomberg.

Main Themes: The second wave of COVID-19 in Europe and dithering over a US fiscal stimulus package generated concerns regarding global economic growth.

Share Markets: US markets ended their day in positive territory after a choppy session. Investors weighed up the possibility of further stimulus measures against global concerns regarding second waves of COVID cases. The Dow rose 0.2%, the S&P500 was up 0.3% and the Nasdaq gained 0.4%. European markets turned down on COVID concerns. The FTSE100 was down 1.3% and the Dax fell 0.3%.

Interest Rates: Not a lot of movement. Australian 3-year government bond yields dipped 2 basis points to 0.16%. Long bond yields around the globe held steady with US 10-year treasuries at 0.67% and UK long bonds at 0.22%.

Foreign Exchange: The US dollar index ended its session at 94.3 having reach a high of 94.6 overnight. EUR weakened early but recovered. The AUD saw a low \$US0.7016 but rallied to reach \$0.7047 at the open this morning.

Commodities: Copper was down on global growth concerns while oil and gold were relatively stable. Coal and iron ore were marginally up with the CRB index up 0.6 to 148.4.

COVID-19: Both France and the UK reported record new cases while in Spain, hospitals are again filling

with new COVID-19 cases.

Australia: No major data was released although the Federal Treasurer did announce the prospect of reforms to Australia's insolvency framework including the introduction of a new debt restructuring process based on Chapter 11 of the US Bankruptcy Code. The new measures are set to commence in January 2021.

China: No major data released.

New Zealand: New Zealand posted its largest annual trade surplus in six years following an 8.6% increase in exports during August and a 16.5% decline in imports. The annual trade balance came in at \$NZ1.35bn.

According to the Westpac McDermott survey, confidence in the New Zealand labour market was broadly unchanged in September, albeit at a low level. The number of respondents looking for work has increased over the last three months as the COVID-19 wage subsidy has expired.

United Kingdom: No major data released but UK Chancellor Sunak announced new policies to extend support schemes due to expire during October. After cancelling the planned Autumn Budget, the announcement provides extended loans schemes, support for the hospitality sector and top up payments to supplement reduced working hours for troubled firms.

United States: August new home sales continued their surging gains to breach 1mn (1.011mn) on an annualised basis for the first time since late-2006.

Initial jobless claims edged up to 870k from 866k last week whilst continuing claims pulled back to 12.58mn from 12.75mn the week before.

The Kansas Fed manufacturing survey dipped to 11 in September from 14 in August. Although a relatively minor dip, after recent rebounds, the compilers noted that activity was below year ago levels for most firms. Companies remain relatively optimistic about the coming year, but with little in the way of wage growth.

Today's key data and events:

CH Current Account Q2 final prev US\$119.6bn

CH Industrial Profits Aug y/y prev 19.6% (11.30am Sun 27 Sep)

EZ M3 Money Supply Aug exp 10.%, prev 10.2% (6.00pm)

US Durable Goods Ord Aug exp 1.3%, prev 11.4%(10.30pm)

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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