

Morning Report

Friday, 26 March 2021

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)			
S&P/ASX 200	6,791	0.2%			Last	Overnight Chg		Australia			
US Dow Jones	32,619	0.6%	10 yr bond		98.29	0.00		90 day BBSW	0.03	0.00	
Japan Nikkei	28,730	1.1%	3 yr bond		99.76	-0.01		2 year bond	0.08	0.00	
China Shanghai	3,526	-0.1%	3 mth bill rate		99.95	-0.01		3 year bond	0.10	0.00	
German DAX	14,621	0.1%	SPI 200		6,774.0	20		3 year swap	0.28	0.01	
UK FTSE100	6,675	-0.6%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	1.68	0.03	
Commodities (close & change)*			TWI		63.5	-	-	63.6	United States		
CRB Index	184.3	-3.6	AUD/USD		0.7585	0.7614	0.7563	0.7580	3-month T Bill	0.02	0.00
Gold	1,726.82	-7.9	AUD/JPY		82.48	83.06	82.43	82.74	2 year bond	0.14	-0.01
Copper	8,985.25	-5.8	AUD/GBP		0.5541	0.5558	0.5510	0.5519	10 year bond	1.63	0.02
Oil (WTI)	58.43	-2.8	AUD/NZD		1.0889	1.0909	1.0869	1.0903	Other (10 year yields)		
Coal (thermal)	91.65	0.2	AUD/EUR		0.6421	0.6448	0.6416	0.6443	Germany	-0.38	-0.03
Coal (coking)	111.40	-2.6	AUD/CNH		4.9520	4.9782	4.9486	4.9640	Japan	0.09	0.01
Iron Ore	155.60	-0.2	USD Index		92.6	92.9	92.5	92.9	UK	0.73	-0.03

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: Global markets were quiet overnight with only modest moves in the major asset classes. The US dollar continued to rise, hitting a five-month high.

Share Markets: US stocks rose amid progress in distributing vaccines and as investors weighed the outlook for economic growth and inflation. The Dow closed up 0.6%.

In Europe, the Dax closed largely unchanged.

The ASX 200 increased 0.2% and futures are in the green.

Interest Rates: US 10-year Treasury bond yields rose 3 basis points to 1.68% with limited reaction to the US data released overnight.

Australian 10-year government bond yields increased 2 basis points to 1.63%.

Foreign Exchange: The US dollar continued its recent rally overnight, with the index increasing to a five-month high. The AUD traded in a narrow range against the US dollar to finish at 0.7580.

Commodities: The price of oil tumbled below \$60 a barrel after a rally spurred by the blockage of the Suez Canal. The canal is a critical waterway for trade, with the blockage estimated to cost the global economy US\$400 million per hour. The disruption is delaying some oil supplies although is not expected to have a prolonged impact on prices.

Australia: An ABS survey of business conditions and

sentiment confirmed the unfolding economic recovery. The proportion of firms expecting revenue to decline has fallen substantially and further improvements are expected in April. The share of firms finding it easy or very easy to meet their financial commitments rose from 23% in August 2020 to 46% in March 2021. In January, 31% of firms expected revenue to decline. By March this had fallen to 22% and only 8% of firms expect revenue to decline in April.

Europe: M3 money supply rose 12.3% over the year to February, down slightly from 12.5% in the previous month. This is high relative to historical levels because of the stimulus unleashed by the European Central Bank in the past year.

United States: Initial jobless claims fell by more than expected to 684k, the lowest reading since the onset of the pandemic in the US.

The third update on December quarter GDP saw it revised up marginally to 4.3% from 4.1% (quarter on quarter annualised).

The Kansas Fed manufacturing survey was in line with expectations at 26 in March, up from 24 in February. A reading above zero indicates an expansion. This marks the tenth consecutive month the index has remained in growth territory.

Fed speakers reiterated recent messages that the recovery is strengthening but that the central bank will maintain its monetary support and low rates

until substantial further progress has been made on employment and inflation.

President Biden announced a new goal of 200 million coronavirus vaccines within his first 100 days in office. Biden's earlier goal of 100 million vaccinations within that time frame was met Friday, on the 59th day of his administration.

Today's key data and events:

UK Retail Sales Feb exp 2.1% prev -8.2% (6:00pm)

US Personal Income Feb exp -7.2% prev 10.0% (11:30pm)

US Personal Spending Feb exp -0.8% prev 2.4% (11:30pm)

US PCE Core Feb exp 0.1% prev 0.3% (11:30pm)

US UoM Consumer Sentiment Mar Final exp 83.6 prev 83.0 (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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