

Morning Report

Friday, 27 November 2020

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)		
S&P/ASX 200	6,636	-0.7%	Last		Overnight Chg			Australia		
US Dow Jones	29,872	closed	10 yr bond	99.10		0.00	90 day BBSW	0.02	0.00	
Japan Nikkei	26,537	0.9%	3 yr bond	99.83		0.00	2 year bond	0.09	0.00	
China Shanghai	3,532	0.2%	3 mth bill rate	99.98		-0.01	3 year bond	0.11	0.00	
German DAX	13,287	0.0%	SPI 200	6,628.0		-15	3 year swap	0.13	0.00	
UK FTSE100	6,363	-0.4%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	0.91	-0.02
Commodities (close & change)*			TWI	61.3	-	-	61.3	United States		
CRB Index	160.4	closed	AUD/USD	0.7363	0.7375	0.7354	0.7365	3-month T Bill	0.08	closed
Gold	1,814.07	6.5	AUD/JPY	76.89	76.96	76.67	76.77	2 year bond	0.16	closed
Copper	7,393.75	102.8	AUD/GBP	0.5502	0.5524	0.5494	0.5513	10 year bond	0.88	closed
Oil (WTI)	44.99	closed	AUD/NZD	1.0505	1.0525	1.0499	1.0507	Other (10 year yields)		
Coal (thermal)	69.95	0.4	AUD/EUR	0.6179	0.6190	0.6168	0.6183	Germany	-0.59	-0.02
Coal (coking)	102.00	1.0	AUD/CNH	4.8330	4.8408	4.8249	4.8374	Japan	0.03	0.01
Iron Ore	126.86	1.7	USD Index	92.0	92.2	91.8	92.0	UK	0.28	-0.04

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 investment markets were quiet overnight with US markets closed due to the Thanksgiving holiday.

Share Markets: The ASX 200 closed lower by 47 points (or -0.7%) yesterday, the largest daily fall in nearly a month. However, the ASX 200 index is up 7.8% on a month ago.

US share markets were closed for Thanksgiving holiday. In Europe, the Euro Stoxx 50 index fell 1 point, the German DAX declined 3 points and the UK FTSE 100 closed 28 points lower.

Interest Rates: The physical US bond market was closed. The US bond futures market, however, was open. The US 10-year implied bond yield fell 5 basis points to 0.85%.

Foreign Exchange: The US dollar index fell to a fresh three-month low of 91.8, but later recovered. The Australian dollar was sidelined last night, sticking to a 21-point range against the US dollar.

Commodities: Market consensus is expecting OPEC to delay output increases when it meets next week.

COVID-19: AstraZeneca will run an extra global trial to assess the efficacy of its vaccine after current studies raised questions over its level of protection.

Australia: Private capital expenditure (capex) fell 3.0% in the September quarter. The declines in capex occurred across all assets, industries and

states. Heightened uncertainty, caused by the impact of COVID-19, has contributed to the falls in capex. The data included marginally stronger estimates of intended investment spending over this financial year. However, the outlook for business investment remains weak. For 2020/21, capex plans increased to \$105.0 billion, a 6.5% increase from the last estimate.

The Federal and State governments, as well as the Reserve Bank, have deployed substantial further stimulus since the end of September quarter. In particular, the Federal Budget in early October included temporary measures aimed at helping businesses lift spending. These are the loss carry-back and immediate expensing measures.

Euro zone: European Central Bank's member, Philip Lane, sounded the alarm over financing conditions in the euro area, especially for small and mid-sized businesses. The European Central Bank (ECB) is widely expected to increase and extend its €1.35 asset-purchase program, as well as offer more long-term funding to banks. The ECB next meet on December 10.

New Zealand: In the year to October, a trade surplus of \$2.2 billion was recorded, which is the biggest surplus in 28 years. For the month of October, a narrowing in the trade deficit of \$0.5 billion was recorded to \$0.5 billion.

United States: Markets were closed for Thanksgiving holiday.

Today's key data and events:

NZ ANZ Consumer Confidence Nov prev 8.7% (8am)
CH Industrial Profits Oct y/y prev 10.1% (12:30pm)
EZ Economic Confidence Nov exp 86.0 prev 90.9 (9pm)
EZ Consumer Confidence Nov Final prev -17.6 (9pm)
UK Nationwide House Prices Nov (Sat 28 Nov)

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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