

Morning Report

Tuesday, 29 September 2020

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)		
S&P/ASX 200	5,952.3	-0.2%			Last	Overnight Chg		Australia		
US Dow Jones	27,584.1	1.5%	10 yr bond	99.17		0.00		90 day BBSW	0.08	0.00
Japan Nikkei	23,511.6	1.3%	3 yr bond	99.80		0.00		2 year bond	0.15	0.00
China Shanghai	3,372.1	-0.1%	3 mth bill rate	99.92		-0.01		3 year bond	0.15	-0.01
German DAX	12,870.9	3.2%	SPI 200	5,982.0		38		3 year swap	0.13	-0.01
UK FTSE100	5,927.9	1.5%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	0.77	-0.03
Commodities (close & change)*			TWI	60.4	-	-	60.3	United States		
CRB Index	148.7	0.4	AUD/USD	0.7033	0.7074	0.7033	0.7073	3-month T Bill	0.09	-0.01
Gold	1,881.5	19.8	AUD/JPY	74.27	74.65	74.12	74.63	2 year bond	0.13	0.00
Copper	6,546.6	17.3	AUD/GBP	0.5511	0.5530	0.5469	0.5508	10 year bond	0.65	0.00
Oil (WTI)	40.6	0.4	AUD/NZD	1.0744	1.0795	1.0739	1.0793	Other (10 year yields)		
Coal (thermal)	60.7	0.3	AUD/EUR	0.6049	0.6070	0.6043	0.6064	Germany	-0.53	0.00
Coal (coking)	123.4	0.0	AUD/CNH	4.8034	4.8250	4.8025	4.8222	Japan	0.02	0.01
Iron Ore	114.5	1.3	USD Index	94.6	94.6	94.2	94.3	UK	0.20	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: Strong equity markets, stable interest rates and the looming US election.

Share Markets: Equity markets were strong in the US and Europe overnight. In the US, the Dow rose 1.5%, the S&P500 was up 1.6% and the Nasdaq rose 1.9%. Europe followed yesterday nights US rally. The EuroStoxx50 rose 2.8%, the FTSE100 was up 1.5% and the Dax rose 3.2%.

Interest Rates: We now expect the RBA to cut its cash rate target and its 3-year government bond target in November, rather than October. The one-month delay will allow the RBA to fully assess the Budget measures and give the government 'clean air' to explain its strategy.

Interest rate markets were quiet overnight with only 1 basis point movement in major instruments. However, in Australia, 10-year government bond yields fell 3 basis points to 0.77%.

Foreign Exchange: the US dollar index moved lower from 93.6 to 93.3 with the AUD lifting to \$US0.7073. GBP was firmer on hopes of a breakthrough in Brexit talks

Commodities: Oil, copper, gold, and iron ore all rose overnight with no major announcements or data driving the markets.

COVID-19: According to German Chancellor, Angela Merkel, Germany faces more than 19,000 new COVID-19 cases per day if current trends continue.

The Czech Republic appears set to declare a state of emergency as its COVID cases continue to rise.

Australia: No major data released but the shape of the Budget continues to be unveiled via government announcements. Yesterday, an \$850m strategy to lift the engagement of businesses with digital technology was announced. Part of the strategy is to provide company directors with 'digital identifiers.' The move would assist in curtailing the emergence of 'phoenix companies.'

China: No major data released.

Europe: No major economic data released.

New Zealand: No major economic data released.

United States: The Dallas Fed Manufacturing Outlook index took another step higher, rising to 13.6 in September, up from 8.0 in August. At its low in April, the index stood at -75. The index is now at levels above those prevailing in the second half of 2019.

Today's key data and events:

EZ Economic Confidence Sep exp 89.0, prev 87.7 (7pm)

EZ Consumer Confidence Sep prev -13.9 (7pm)

US S&P CoreLogic CS House Prices exp 0.1%, prev 0.0% Jul
(11.00pm)

US Consumer Confidence Index Sep (12.00am)

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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