

# Morning Report

Tuesday, 30 March 2021

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)		
S&P/ASX 200	6,799	-0.4%			<b>Last</b>	<b>Overnight Chg</b>		<b>Australia</b>		
US Dow Jones	33,171	0.3%	10 yr bond	98.23				90 day BBSW	0.03	0.00
Japan Nikkei	29,385	0.7%	3 yr bond	99.74				2 year bond	0.07	-0.01
China Shanghai	3,601	0.5%	3 mth bill rate	99.95				3 year bond	0.10	0.00
German DAX	14,818	0.5%	SPI 200	6,804.0			44	3 year swap	0.30	0.00
UK FTSE100	6,736	-0.1%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	1.69	0.03
<b>Commodities (close &amp; change)*</b>			TWI	63.7	-	-	63.9	<b>United States</b>		
CRB Index	187.5	-0.2	AUD/USD	0.7642	0.7656	0.7615	0.7633	3-month T Bill	0.01	-0.01
Gold	1,711.19	-21.3	AUD/JPY	83.84	83.94	83.34	83.82	2 year bond	0.14	0.00
Copper	8,874.50	-99.0	AUD/GBP	0.5538	0.5549	0.5519	0.5547	10 year bond	1.71	0.03
Oil (WTI)	61.58	0.6	AUD/NZD	1.0923	1.0947	1.0891	1.0906	<b>Other (10 year yields)</b>		
Coal (thermal)	93.00	-2.4	AUD/EUR	0.6480	0.6499	0.6467	0.6488	Germany	-0.32	0.03
Coal (coking)	112.67	0.0	AUD/CNH	4.9995	5.0283	4.9876	5.0186	Japan	0.08	-0.01
Iron Ore	158.49	6.0	USD Index	92.8	93.0	92.7	92.9	UK	0.79	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:** Suez Canal unplugged. Encouraging US data. Discouraging fiscal developments in Europe.

**Share Markets:** The Dow held above 33,000, rising 98 points or 0.3% to 33,171. The broader S&P500 remains close to Friday's record high and was down just 3 points on the night. The Nasdaq was softer, falling 79 points or 0.6%. European markets were mixed with the FTSE100 marginally down but the German Dax up 0.5%.

The Australian market appears set for a strong start with ASX SPI futures up 44 points.

**Interest Rates:** An improved outlook for US manufacturing plus optimism regarding the US vaccine rollout saw US 10-year government bond yields rise a further 3 basis points overnight to 1.71%. Yesterday, Australian 10-year yields were up 3 basis points to 1.69%. Yields at the shorter end of the yield curve remain broadly steady in the face of central bank policy.

The European Central Bank maintained the elevated pace of its pandemic bond-buying as it strives to deliver on a promise to contain yields to protect the economy. Net purchases settled last week climbed by 19 billion euros (\$22.4 billion), slightly below the 21.1 billion euros recorded in the previous week. Policy makers decided to increase buying earlier this month after a global sell-off on the back of US fiscal support raised concern that investors were getting

ahead of themselves and pushing up euro-zone yields more than warranted.

**Foreign Exchange:** The AUD held its ground in the US 76 cent range as the US dollar index nudged higher.

**Commodities:** Oil climbed to the highest in almost two weeks as traders looked ahead to this week's OPEC+ meeting with speculation that renewed demand concerns will spur the group to keep production in check.

Gold and copper were weaker, but iron ore recovered some of the ground lost in recent weeks.

**COVID-19:** Brisbane enters a snap 3-day lockdown. The UK eases restrictions on gatherings and movement. US President Biden Says 90% of US adults will be eligible to receive a COVID-19 vaccination by mid-April. Daily cases in the Philippines surge above 10,000.

**Australia:** No major data released but the recovery in Australia's travel industry received a setback with Brisbane's snap 3-day lockdown.

**Europe:** Europe's economic recovery has been muted by a slow vaccine rollout, extended restrictions and slow progress in planning for a joint fiscal stimulus.

Prospects for the European Union's 750-billion-euro recovery fund were given a jolt on when Germany's top court put the law authorizing the nation's

participation in the program on hold while it considers an emergency request to block the legislation.

**United States:** Dallas Fed Manufacturing Outlook index surged from 17.2 in February to 28.9 in March and is now back to levels last seen in 2018. The index bottomed at negative 72.2 in April and has moved beyond its pre-COVID-19 level on the back of the US vaccination rollout.

**Today's key data and events:**

NZ Building Permits Feb prev 2.1% (8:45am)  
AU Weekly Payrolls w/e Mar 13 (11:30am)  
EZ Economic Confidence Mar exp 96.0 prev 93.4 (8:00pm)  
EZ CPI Mar exp 1.0% prev 0.2% (11:00pm)  
US FHFA House Prices Jan exp 1.2% prev 1.1% (12:00am)  
US S&P CoreLogic CS House Prices Jan exp 1.2% prev 1.2% (12:00am)  
US Consumer Confidence Index Mar exp 96.8 prev 91.3 (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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