

Morning Report

Tuesday, 6 April 2021

| Equities (close & % change) | | | Sydney Futures Exchange (close & change) | | | | | Interest rates (close & change) | | |
|--|----------|------|--|---------|-------------|----------------------|---------|---------------------------------|-------|-------|
| S&P/ASX 200 | 6,829 | 0.6% | | | Last | Overnight Chg | | Australia | | |
| US Dow Jones | 33,527 | 1.1% | 10 yr bond | 98.22 | | 0.00 | | 90 day BBSW | 0.04 | 0.00 |
| Japan Nikkei | 30,089 | 0.8% | 3 yr bond | 99.73 | | 0.00 | | 2 year bond | 0.08 | 0.00 |
| China Shanghai | 3,652 | 0.5% | 3 mth bill rate | 99.96 | | 0.00 | | 3 year bond | 0.31 | 0.00 |
| German DAX | 15,107 | 0.7% | SPI 200 | 6,826.0 | | 0 | | 3 year swap | 0.33 | 0.00 |
| UK FTSE100 | 6,737 | 0.4% | FX Last 24 hrs | Open | High | Low | Current | 10 year bond | 1.84 | 0.00 |
| Commodities (close & change)* | | | TWI | 63.4 | - | - | 63.4 | United States | | |
| CRB Index | 184.1 | -2.6 | AUD/USD | 0.7607 | 0.7661 | 0.7599 | 0.7652 | 3-month T Bill | 0.02 | 0.00 |
| Gold | 1,729.31 | 21.6 | AUD/JPY | 84.14 | 84.39 | 84.08 | 84.30 | 2 year bond | 0.17 | -0.02 |
| Copper | 8,799.50 | 6.5 | AUD/GBP | 0.5498 | 0.5512 | 0.5496 | 0.5503 | 10 year bond | 1.70 | -0.02 |
| Oil (WTI) | 58.65 | -2.8 | AUD/NZD | 1.0824 | 1.0846 | 1.0819 | 1.0841 | Other (10 year yields) | | |
| Coal (thermal) | 91.90 | 0.0 | AUD/EUR | 0.6467 | 0.6492 | 0.6467 | 0.6477 | Germany | -0.33 | 0.00 |
| Coal (coking) | 117.33 | 0.0 | AUD/CNH | 4.9984 | 5.0249 | 4.9986 | 5.0172 | Japan | 0.12 | -0.01 |
| Iron Ore | 160.74 | 2.7 | USD Index | 93.0 | 93.1 | 92.5 | 92.6 | UK | 0.80 | 0.00 |

Data as at 7:30am. Change from previous trading day (excluding the SFE which is the change during the night session). Source: Bloomberg.

Main Themes: Investor sentiment improved overnight, helped by strong data on the services industry in the US. Share markets in the US hit a new record and US bond yields eased.

Share Markets: US share markets soared in overnight trade. The positive investor sentiment towards stocks was helped by a favourable Supreme Court ruling for Google. The S&P 500 index added 58 points (or +1.4%) and hit an all-time high. The Dow rose 374 points (or 1.1%) to also hit a record level.

Google received a multibillion-dollar reprieve from the US Supreme Court. The high court ruled that the Alphabet unit didn't commit copyright infringement when it used Oracle's programming code in the Android operating system.

Interest Rates: US bond yields fell overnight, as share markets strengthened. The US 2-year and 10-year bond yields each fell 2 basis points.

Foreign Exchange: The Australian dollar lifted from an overnight low of around 0.7600 against the US dollar to 0.7660. The improved appetite for risk overnight, including for equities, helped drive up demand for the Australian dollar. But the break of a key support level last week of 0.7560 means the Australian dollar's near-term outlook has taken a more bearish tilt.

Commodities: The price of crude oil fell back below

US\$60 a barrel overnight after the UK government said it may delay lifting its travel ban. However, Iranian nuclear deal signatories are set to meet later today to discuss reviving the pact. There is a possibility of an end to sanctions on Iran's crude, which would help supply.

COVID-19: New Zealand's Prime Minister is set to announce today when an Australian-New Zealand travel bubble will commence.

The UK's Prime Minister confirmed restaurants and shops will open again for the first time in four months, but the ban on foreign travel may remain past mid May.

India has reported its biggest one-day spike in COVID-19 cases since the pandemic began.

Australia: The Melbourne Institute's inflation gauge rose by 0.4% in March and the annual rate lifted from 1.6% in February to 1.8% in March.

United States: The ISM services index improved markedly from 55.3 in February to an all-time high of 63.7 in March. This latest result indicates the tenth straight month of growth for the services sector. The result beat market expectations for a rise to 59.0.

The prices sub index rose 2.2 percentage points to 74.0, suggesting that prices rose in March at a faster rate.

The final reading for durable goods orders for

February was revised slightly lower. The preliminary estimate of a decline of 1.1% in the month was changed to a fall of 1.2%.

US Treasury Secretary Janet Yellen called for a minimum global corporate tax rate, part of an effort to repair credibility with US allies following the unilateralist approach of the Trump era. Speaking ahead of the IMF and World Bank spring meetings, Yellen decried an international "race to the bottom" by countries competing to lure corporations with lower taxes. She also said she strongly doubts that the \$1.9 trillion stimulus bill will be inflationary.

Today's key data and events:

AU RBA Board Meeting (2:30pm)

EZ Sentix Investor Confidence Mar exp 6.7 prev 5.0 (6:30pm)

EZ Unemployment Rate Feb exp 8.1% prev 8.1% (7pm)

US JOLTS Job Openings Feb exp 6900 prev 6917 (12am)

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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