

# Morning Report

Tuesday, 8 September 2020

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)		
S&P/ASX 200	5,944.8	0.3%	<b>Last</b>		<b>Overnight Chg</b>			<b>Australia</b>		
US Dow Jones	28,133.3	closed	10 yr bond	99.02		0.00	90 day BBSW	0.09	0.00	
Japan Nikkei	23,090.0	-0.5%	3 yr bond	99.70		0.00	2 year bond	0.24	0.00	
China Shanghai	3,450.7	-1.9%	3 mth bill rate	99.90		-0.01	3 year bond	0.27	0.01	
German DAX	13,100.3	2.0%	SPI 200	5,949.0		25	3 year swap	0.18	0.00	
UK FTSE100	5,937.4	2.4%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	0.97	0.08
<b>Commodities (close &amp; change)*</b>			TWI	62.0	-	-	62.1	<b>United States</b>		
CRB Index	149.7	0.0	AUD/USD	0.7285	0.7298	0.7270	0.7277	3-month T Bill	0.10	closed
Gold	1,933.6	-0.3	AUD/JPY	77.42	77.61	77.24	77.35	2 year bond	0.14	closed
Copper	6,805.8	81.3	AUD/GBP	0.5493	0.5539	0.5489	0.5529	10 year bond	0.72	closed
Oil (WTI)	39.1	-0.7	AUD/NZD	1.0846	1.0879	1.0841	1.0872	<b>Other (10 year yields)</b>		
Coal (thermal)	51.1	-0.5	AUD/EUR	0.6153	0.6163	0.6145	0.6159	Germany	-0.46	0.01
Coal (coking)	114.8	1.5	AUD/CNH	4.9825	4.9870	4.9687	4.9718	Japan	0.05	0.01
Iron Ore	123.7	0.7	USD Index	93.0	93.1	92.8	93.1	UK	0.25	-0.02

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:** It was a quieter session with US Labor Day Holiday. European shares lifted and bond yields rose. The 'risk-on' environment did not follow through to currencies – the US dollar index was higher.

**Share Markets:** With US share markets closed, market sentiment took its cue from Europe. European share markets lifted with the FTSE 100 in the UK up 2.4% and the German DAX up 2.0%.

Futures point to a positive start for share markets in Australia today.

**Interest Rates:** Yields on European bonds headed higher, reflecting a rebound in risk appetite, expectations of greater borrowing by governments and on an ongoing recovery in economic activity.

Elsewhere around the world, credit ratings agency Standard & Poor's lifted Argentina's long-term sovereign credit rating from default following a successful restructure of over \$100 billion worth of sovereign debt.

**Foreign Exchange:** The US dollar index edged higher while the euro slid, consolidating after major moves over the past month. A meeting from the European Central Bank (ECB) later this week may have helped bring the euro under downward pressure. Sterling also lost ground which can be attributed to Brexit uncertainties. The Australian dollar faced countervailing forces from the stronger US dollar

and stronger risk appetite, leaving the currency just mildly lower over the past 24 hours.

**Commodities:** Oil prices weakened after Saudi Arabia cut its selling price for Arab light crude that it sells to Asia by the most since May. Slower crude oil imports to China in August also weighed on prices.

**Australia:** ANZ job ads rose 1.6% in August following a 19.1% rise in July. Job ads are down 27% since February and down 30% on a year earlier. In August 2020, there were 109.1k jobs ads compared to 155.8k in August 2019. At the low in April, there were just 63.5k jobs advertised.

**China:** Exports from China during August rose 9.5% on a year earlier in US dollar terms. On the same basis, imports fell 2.1% resulting in a trade surplus of USD58.9 billion. Exports, at USD235.3 billion, were the third highest on record as China's major trading partners resumed trade activity.

**Europe:** German industrial production lifted 1.2% in July, following a 9.3% gain in June and a 7.4% increase in May. It points to a softening rate of improvement in factory activity.

**United Kingdom:** The European Union said that there would not be a trade deal if the UK attempted to change parts of the Brexit Withdrawal Agreement it signed in January. It followed reports that the government was planning legislation to override parts of the agreement.

**United States:** President Donald Trump raised the idea of “decoupling” with the Chinese economy and no longer doing business with them.

There was no economic data due to the Labor Day Holiday.

**Today’s key data and events:**

JN GDP Q2 final exp -8.1% prev -7.8% (9.50am)

JN Current Acc’t Jul exp ¥1901.4bn prev ¥167.5bn (9.50am)

AU Weekly Payrolls w/e Aug 22 (11:30am)

AU NAB Business Survey Aug (11.30am)

– Business Conditions prev 0

– Business Confidence prev -14

EZ GDP Q2 final exp -12.1% prev -12.1% (7.00pm)

US Consumer Credit Jul exp \$12.9bn prev \$8.9bn (5.00am)

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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