

Morning Report

Friday, 9 April 2021

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)		
S&P/ASX 200	6,999	1.0%			Last	Overnight Chg		Australia		
US Dow Jones	33,504	0.2%	10 yr bond	98.33	0.03	90 day BBSW	0.04	0.00		
Japan Nikkei	29,709	-0.1%	3 yr bond	99.77	0.00	2 year bond	0.08	0.00		
China Shanghai	3,650	0.1%	3 mth bill rate	99.95	0.00	3 year bond	0.26	-0.01		
German DAX	15,203	0.2%	SPI 200	6,961.0	2	3 year swap	0.30	0.00		
UK FTSE100	6,942	0.8%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	1.74	-0.01
Commodities (close & change)*			TWI	64.0	-	-	63.9	United States		
CRB Index	187.4	1.1	AUD/USD	0.7609	0.7660	0.7603	0.7652	3-month T Bill	0.01	0.00
Gold	1,755.84	18.1	AUD/JPY	83.59	83.78	83.29	83.62	2 year bond	0.15	0.00
Copper	9,018.25	93.8	AUD/GBP	0.5538	0.5575	0.5534	0.5572	10 year bond	1.62	-0.05
Oil (WTI)	59.60	-0.2	AUD/NZD	1.0857	1.0866	1.0830	1.0842	Other (10 year yields)		
Coal (thermal)	85.45	-3.1	AUD/EUR	0.6411	0.6440	0.6409	0.6422	Germany	-0.34	-0.01
Coal (coking)	118.00	-3.8	AUD/CNH	4.9824	5.0226	4.9829	5.0169	Japan	0.10	0.00
Iron Ore	165.17	0.6	USD Index	92.4	92.5	92.0	92.1	UK	0.75	-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: The Federal Reserve Chair's reassurances that the Fed's accommodative stance would remain in place for some time dominated market action.

Share Markets: US share markets rose again overnight, as equity investors took heart from US Fed Chair's reassurances about inflation. The S&P 500 index hit another record high. The S&P rose 17 points (or +0.4%) and the Dow added 57 points (or +0.2%). The Dow is now within a whisker of its all-time high. The Nasdaq also lifted, up 140 points (or +1.0%).

Interest Rates: The US 2-year bond yield was again unchanged at the close of the trading session last night. But the US 10-year bond yield retreated 5 basis points to 1.62%.

Foreign Exchange: Overnight, the range for the AUD/USD exchange rate was 0.7603 – 0.7660. For the past five trading sessions, the AUD/USD has traded in a relatively narrow range, suggesting it is in a consolidation phase, after a big move down from 0.8007 on February 25 to a low of 0.7532 on April 1.

Commodities: World oil prices slipped overnight after a choppy trading session.

COVID-19: Australia's Chief Medical Officer yesterday said the AstraZeneca vaccine will no longer be given to people under the age of 50.

Wherever possible, under 50s will only get the Pfizer vaccine.

Australia: There were no major economic data releases yesterday.

Europe: Producer prices grew 0.5% in February and the annual rate jumped from 0.4% in January to 1.5% in February.

New Zealand: Business confidence deteriorated in New Zealand to -8.4 in April, from -4.1 in March. Cost pressures are intense and subdued profitability expectations suggest firms are not optimistic about their ability to recoup all of it.

United States: The number of Americans filing for unemployment benefits ticked higher last week as hiring slowed after surging through March. New filings for unemployment benefits totalled an unadjusted 744k for the week that ending April 3. Economists surveyed by Bloomberg expected an outcome of 680k. The reading marks a second straight jump and places claims at their highest level since early March. The previous week's reading was revised to 728k from 719k.

US Federal Reserve Chair Jerome Powell is more concerned about rising infections than rising prices. Powell said "the recovery...remains uneven and incomplete" in remarks at an IMF panel discussion. Powell also said that the world won't be able to fully resume economic activity until the virus is

controlled everywhere. Powell reiterated the central bank's view was that an expected spike in inflation will be temporary and that officials have the tools to deal with it if need be. He deflected a question over whether he'd serve a second term.

Federal Reserve member Bullard said overnight he is wary of tapering prematurely. He added that support needs to continue until there is greater clarity on the economy.

Today's key data and events:

AU AiG Perf. of Services Index Mar prev 55.8 (8:30am)

CH CPI Mar y/y exp 0.3% prev -0.2% (11:30am)

CH PPI Mar y/y exp 3.6% prev 1.7% (11:30am)

US Producer Prices Mar exp 0.5% prev 0.5% (10:30pm)

US W'sale Inventories Feb Final exp 0.5% prev 0.5% (12am)

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