

Morning Report

Tuesday, 9 February 2021

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)			
S&P/ASX 200	6,881	0.6%			Last			Overnight Chg			
US Dow Jones	31,386	0.8%	10 yr bond	98.75			0.03	Australia			
Japan Nikkei	29,389	2.1%	3 yr bond	99.83			0.00	90 day BBSW	0.01	0.00	
China Shanghai	3,703	1.0%	3 mth bill rate	99.98			-0.01	2 year bond	0.10	0.00	
German DAX	14,060	0.0%	SPI 200	6,792.0			-18	3 year bond	0.11	0.00	
UK FTSE100	6,524	0.5%	FX Last 24 hrs	Open	High	Low	Current	3 year swap	0.14	0.00	
Commodities (close & change)*			TWI	62.8	-	-	63.3	10 year bond	1.27	0.08	
CRB Index	183.6	2.2	AUD/USD	0.7597	0.7715	0.7651	0.7704	United States			
Gold	1,830.66	16.6	AUD/JPY	79.79	81.19	80.70	81.07	3-month T Bill	0.02	-0.01	
Copper	8,046.75	124.8	AUD/GBP	0.5562	0.5612	0.5583	0.5608	2 year bond	0.11	0.01	
Oil (WTI)	58.01	1.2	AUD/NZD	1.0612	1.0672	1.0646	1.0666	10 year bond	1.17	0.01	
Coal (thermal)	85.00	1.0	AUD/EUR	0.6311	0.6403	0.6362	0.6393	Other (10 year yields)			
Coal (coking)	150.85	-0.2	AUD/CNH	4.9062	4.9691	4.9360	4.9635	Germany	-0.45	0.00	
Iron Ore	154.60	3.7	USD Index	91.1	91.2	90.9	91.0	Japan	0.07	0.01	
								UK	0.48	-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: US equities push to new highs. US relief package inches closer. AUD gains on weaker US dollar.

Share Markets: The major US share markets rose for a sixth straight day reaching new highs. Overnight the Dow rose 0.8%, the S&P500 was up 0.6% and the Nasdaq rose 1.0%. Ongoing low interest rates, the increasing expectations of a large economic aid package and the vaccine roll-out lifted investor spirits.

European markets were mostly firmer. The FTSE100 rose 0.5% as did the French CAC40 but the Dax was flat.

In Australia, the ASX200 rose 0.6% to 6880 while ASX/SPI Futures are down 18 points.

Interest Rates: US 30-year government bond yields briefly pushed above 2% but settled marginally below that level at 1.95%. US 10-year bond yields were up 1 basis point to 1.17% but in Australia 10-year bond yields rose a very solid 8 basis points to 1.27%. This was possibly on the grounds of an improved outlook for the economy. Shorter-term yields were marginally lower in the US and steady in Australia.

Foreign Exchange: The US dollar edged lower overnight resulting in gains to the AUD and NZD. The AUD rose back into the \$US0.77 range and has held that handle in early morning trade.

Commodities: Oil was up on the weaker US dollar

and on increasing expectations of a large US economic relief package. Gold, iron ore and copper prices were also firmer.

COVID-19: Stronger precautionary measures have seen new infection rates decline in the US, the UK, Europe and Asia. Worldwide, new daily infection numbers have fallen to 186k having stood at over 500k per day since early November.

Australia: No major date was released yesterday. Today sees the release of business confidence and conditions survey numbers.

United States: US President Joe Biden's quest to increase the minimum wage to \$US15 an hour as part of his \$US1.9 trillion pandemic-relief package may have hit a political and procedural roadblock in a new report from the non-partisan Congressional Budget Office.

The CBO said on Monday that the move would boost jobless rolls by 1.4 million by 2025, even as 900,000 people get lifted out of poverty. The CBO also estimated in its report that the proposal would increase budget deficits by \$54 billion over 10 years.

No major data was released in the US overnight and none is scheduled for tonight.

Today's key data and events:

AU NAB Business Survey Jan (11:30am)

Business Conditions prev 14

Business Confidence prev 4

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.

Hans Kunnen, Senior Economist
Ph: 02-8254-1316

Contact Listing

Chief Economist

Besa Deda
dedab@banksa.com.au
(02) 8254 3251

Senior Economist

Hans Kunnen
hans.kunnen@banksa.com.au
(02) 8254 1316

Economist

Matthew Bunny
matthew.bunny@banksa.com.au

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