

Morning Report

Thursday, 29 March 2018



Bank of Melbourne

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)		
S&P/ASX 200	5789.5	-0.7%			Last	Overnight Chg		Australia		
Dow Jones	23848.4	0.0%	10 yr bond	97.40	0.00		10 year bond	2.59	0.00	
Nikkei	21031.3	-1.3%	3 yr bond	97.88	-0.02		3 year bond	2.04	0.02	
Hang Seng	30022.5	-2.5%	3 mth bill rate	98.12	-0.01		90 day BBSW	2.03	0.02	
Shanghai	3269.9	-1.4%	SPI 200	5772	7		United States			
DAX	11940.7	-0.3%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	2.78	0.01
FTSE100	7044.7	0.6%	TWI	62.6	-	-	62.3	2 year bond	2.28	0.02
Commodities (close & change)			AUD/USD	0.7680	0.7702	0.7654	0.7660	3-month T Bill	1.69	-0.04
CRB Index	194.3	-1.3	AUD/JPY	80.88	81.97	80.76	81.80	Other (10 year yields)		
Gold	1326.5	1.4	AUD/GBP	0.5426	0.5446	0.5403	0.5441	Germany	0.50	0.00
Copper	6641.5	18.0	AUD/NZD	1.0571	1.0637	1.0561	1.0627	Japan	0.04	0.00
Oil (WTI)	64.4	-0.9	AUD/EUR	0.6192	0.6230	0.6176	0.6223	UK	1.37	-0.05

Data as at 6:50am. Change from previous trading day (excluding the SFE which is the change during the night session). Source: Reuters, Bloomberg.

Share Markets: Technology shares came under pressure again. Netflix and Amazon were among the hardest hit stocks. The Nasdaq fell 60 points (or 0.9%). Meanwhile, the Dow Jones closed down 9 points and the S&P 500 index closed down 7 points (or 0.3%).

Interest Rates: The US 10-year treasury yield initially fell from 2.78% to 2.74% - the lowest since February 6 – and then fluctuated in a sideways range before returning to 2.78%. US 2-year yields rose by a net 2 basis points to 2.28%. Fed fund futures continued to price two more hikes by end-2018, with the next probably being in June.

Foreign Exchange: There was no sustained move in either US treasuries or the broader equity indices, leaving the substantial rise in the US dollar as the most notable movement. This may simply be due to portfolio rebalancing and other trades linked to the looming combination of month-end, quarter-end and Easter holidays in most countries.

AUD/USD had probed above 0.7700 in the Sydney afternoon, but fell as far as 0.7654 in New York trade, a marginal new low since late December. The Aussie dollar was only down 0.2% over the day though, strongest in the G10 after underperformance Tuesday.

Commodities: Oil fell for a third day, the longest losing streak in almost a month, as US crude stockpiles resumed their expansion.

Australia: There was no economic data released yesterday.

New Zealand: Business confidence fell to -20.0 in March, from -19.0 in February, indicating a net 20% of respondents were pessimistic about the economy over the year ahead. Confidence varied by industry; confidence among the retail and agricultural industries fell while confidence in manufacturing and service businesses lifted.

United States: GDP expanded at an annualised rate of 2.9% in Q4. This pace is an upward revision from the previous estimate of 2.5%.

Pending home sales rose by 3.1% in February, after a fall of 5.0% in the previous month. This increase is the first in three months. There is a shortage of affordable listings and mortgage costs are rising, providing headwinds to the sector.

The goods trade deficit widened modestly in February, from US\$75.3 billion to US\$75.4 billion.

Today's key data and events

NZ Building Permits Feb prev 0.2% (8:45am)
UK GfK Cons. Confid. Mar exp -10 prev -10 (10:01am)
JN Retail Sales Feb exp 0.6% prev -1.6% (10:50am)
AU Private Sector Credit Feb exp 0.4% prev 0.3%
(11:30am)
AU ABS Job Vacancies Feb Q prev 2.7% (11:30am)
UK GDP Q4 Final Estimate exp 0.4% prev 0.4%
(7:30pm)
EZ German CPI Mar exp 0.5% prev 0.5% (11pm)
US Personal Income Feb exp 0.4% prev 0.4%
(11:30pm)
US Personal Spending Feb exp 0.2% prev 0.2%
(11:30pm)
US PCE Inflation Feb exp 0.2% prev 0.4%(11:30pm)

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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The Detail

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