

# Morning Report

Thursday, 9 November 2017



Bank of Melbourne

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)		
S&P/ASX 200	6016.3	0.0%			Last	Overnight Chg		Australia		
Dow Jones	23563.4	0.0%	10 yr bond	97.39			10 year bond	2.57	-0.01	
Nikkei	22913.8	-0.1%	3 yr bond	98.02			3 year bond	1.93	0.01	
Hang Seng	28907.6	-0.3%	3 mth bill rate	98.28			90 day BBSW	1.70	0.00	
Shanghai	3577.0	0.1%	SPI 200	6010			United States			
DAX	13382.4	0.0%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	2.33	0.02
FTSE100	7529.7	0.2%	TWI	65.0	-	-	64.8	2 year bond	1.65	0.02
Commodities (close & change)			AUD/USD	0.7646	0.7685	0.7639	0.7677	3-month TBill	1.20	0.02
CRB Index	191.9	0.0	AUD/JPY	87.12	87.44	86.98	87.38	Other (10 year yields)		
Gold	1275.3	-6.8	AUD/GBP	0.5806	0.5869	0.5803	0.5852	Germany	0.33	0.00
Copper	6829.0	31.8	AUD/NZD	1.1070	1.1097	1.1014	1.1024	Japan	0.03	-0.01
Oil (WTI)	56.8	-0.4	AUD/EUR	0.6597	0.6628	0.6592	0.6619	UK	1.23	-0.01

Data as at 8:00am. Change from previous trading day (excluding the SFE which is the change during the night session). Source: Reuters, Bloomberg.

**Main Themes:** There was little fresh news of note for markets overnight. Risk sentiment remained elevated. Against such a backdrop, US bond yields, US share indices and the AUD nudged higher.

**Share Markets:** US share markets rose, underpinned by a rally in technology shares. Financial shares were weaker, driven by concerns that the US Republican tax bill faces an uphill battle. The Dow Jones closed up 6 points and the S&P 500 edged up 4 points. Both indices closed at fresh highs.

**Interest Rates:** US 10-year treasury yields rose by 1 basis point to 2.33% and 2-year yield lifted 2 basis points to 1.65% - its highest level since October 2008. Fed fund futures yields continued to price the chance of a December rate hike at 97%.

**Foreign Exchange:** The US dollar index stuck to a very narrow trading range overnight, leaving it little changed on the day. EUR/USD was also locked in a narrow range, of 1.1580-1.1610. USD/JPY made a round trip from 113.80 to 113.40 and back. AUD/USD extended the day's rally from 0.7660 to 0.7685. NZD similarly extended from 0.6920 to 0.6938 but later retraced. AUD/NZD ground higher from 1.1070 to 1.1097.

**Commodities:** Gold and oil were softer overnight.

**Australia:** There was no major economic data yesterday locally.

**China:** Exports were not as strong as expected by consensus, rising 6.9% in the year to October. This pace is down from an increase of 8.1% in the year to September. Meanwhile, imports rose by 17.2% in the year to October, down from growth of 18.6% in the year to September. Imports from Australia rose by 24.6% in the year to September. The trade surplus widened to US\$39.2 billion in October, from a surplus of US\$28.6 billion in September.

**New Zealand:** The Reserve Bank of New Zealand's Monetary Policy Statement this morning kept the official cash rate (OCR) on hold at 1.75%. This decision was widely expected by markets. The policy guidance paragraph was a repeat of September's, but the OCR forecast was tweaked slightly in a hawkish direction.

**United States:** Job openings data showed a slight increase to a near record high of 6.093 million in September, from 6.090 million in August. This data shows that underlying demand for workers remains healthy.

**Today's key data and events**

NZ RBNZ Official Cash Rate prev 1.75% (7am)

JN Current Acct Sep exp ¥2.4tn prev ¥2.4tn (10:50am)

AU Housing Finance Sep (11:30am)

No. of Home Loans exp 3.0% prev 1.0%

Value of Investors exp -3.0% prev 4.3%

CH CPI y/y Oct exp 1.8% prev 1.6% (12:30am)

CH PPI y/y Oct exp 6.6% prev 6.9% (12:30am)

UK Industrial Prod'n Sep exp 0.3% prev 0.2% (8:30pm)

UK Trade Sep exp -£4.3bn prev -£5.6bn (8:30pm)

Times are AEST. All data forecasts are m/m or q/q and seasonally adjusted unless otherwise specified. Forecasts for Australian data are house forecasts and for other countries are consensus forecasts.

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