

Tuesday, 7 September 2021

| Equities (close & % change) | | | Sydney Futures Exchange (close & change) | | | | | Interest rates (close & change) | | |
|-------------------------------|----------|--------|--|---------|-------------|----------------------|---------|---------------------------------|-------|--------|
| S&P/ASX 200 | 7,528 | 0.1% | | | Last | Overnight Chg | | Australia | | |
| US Dow Jones | 35,369 | Closed | 10 yr bond | 98.75 | | | | 90 day BBSW | 0.01 | 0.00 |
| Japan Nikkei | 29,660 | 1.8% | 3 yr bond | 99.70 | | | | 2 year bond | 0.01 | 0.00 |
| China Shanghai | 3,796 | 1.1% | 3 mth bill rate | 99.98 | | | | 3 year bond | 0.28 | 0.00 |
| German DAX | 15,932 | 1.0% | SPI 200 | 7,535.0 | | | | 3 year swap | 0.45 | 0.00 |
| UK FTSE100 | 7,187 | 0.7% | FX Last 24 hrs | Open | High | Low | Current | 10 year bond | 1.26 | 0.03 |
| Commodities (close & change)* | | | TWI | 61.9 | - | - | 61.9 | United States | | |
| CRB Index | 220.1 | 0.1 | AUD/USD | 0.7452 | 0.7460 | 0.7427 | 0.7439 | 3-month T Bill | 0.03 | Closed |
| Gold | 1,823.29 | -4.4 | AUD/JPY | 81.81 | 81.86 | 81.55 | 81.70 | 2 year bond | 0.21 | Closed |
| Copper | 9,422.75 | 56.0 | AUD/GBP | 0.5376 | 0.5382 | 0.5365 | 0.5377 | 10 year bond | 1.32 | Closed |
| Oil (WTI) | 68.89 | -0.4 | AUD/NZD | 1.0415 | 1.0429 | 1.0400 | 1.0424 | Other (10 year yields) | | |
| Coal (thermal) | 162.40 | 2.0 | AUD/EUR | 0.6268 | 0.6278 | 0.6258 | 0.6266 | Germany | -0.37 | -0.01 |
| Coal (coking) | 290.00 | 4.3 | AUD/CNH | 4.7965 | 4.8018 | 4.7889 | 4.7983 | Japan | 0.05 | 0.01 |
| Iron Ore | 131.10 | 0.0 | USD Index | 92.0 | 92.3 | 92.1 | 92.2 | UK | 0.69 | -0.02 |

Data as at 7:30am AEST. Change from previous trading day (excluding the SFE which is the change during the night session). Source: Bloomberg.

Main Themes: Markets were quiet as the US was closed for Labor Day. Equities were upbeat, with S&P 500 futures edging to a new record high. The US dollar rose slightly.

Share Markets: S&P 500 futures rose 0.2% to a record high. Investors continued to digest the weak US jobs report from Friday, which supported equities as traders made bets that slower hiring may lead the Federal Reserve to delay tapering of quantitative easing. The ASX 200 finished largely unchanged.

Interest Rates: Australian 3-year (futures) yields finished mostly unchanged at 0.31% while 10-year futures yields hovered around 1.26%.

The Reserve Bank (RBA) meets today. Investors will be focused on the future of the central bank's quantitative easing program. In August, the RBA stuck by their July decision to taper purchases from September. However, the case to defer tapering has strengthened considerably since the last meeting with the ongoing deterioration in the health situation.

Foreign Exchange: The Australian dollar traded in a narrow range, dipping slightly from 0.7452 to 0.7439. The US dollar strengthened a little.

Commodities: Oil and gold edged lower while copper firmed.

COVID-19: NSW recorded 1,281 new cases yesterday. Victoria recorded 246 cases and the ACT

recorded 11 new cases.

The Therapeutic Goods Administration (TGA) has granted provisional approval for the Moderna vaccine to be used in children aged between 12-17.

Case numbers continue to trend higher in the US and the UK. However, about 18% of Americans 65 and over aren't fully vaccinated, compared to around 5% in the UK, contributing to a per capita mortality rate over twice as high in the US.

Australia: Job advertisements slipped a further 2.5% in August. This follows a revised 1.3% fall in July. The fall comes as NSW remained in lockdown for a second month and Victoria entered its sixth lockdown. Despite the falls, job ads are still above their pre-pandemic level and have been more resilient during this round of lockdowns than during the national lockdown in 2020.

Separately, the Melbourne Institute's inflation gauge for August reported inflation was flat, down from 0.5% in the month prior. Annual inflation was 2.5% over the year to August, down from 2.6% over the year to July.

Europe: German factory orders were stronger than expected, increasing 3.4% in July, on the back of a large rise in non-Eurozone orders while domestic and Eurozone orders both fell.

The Sentix investor confidence index dropped to 19.6 in September, falling for the fourth month in a row, and hitting the lowest level since May 2020.

United Kingdom: The construction PMI fell to 55.2 from 58.7 in August, as the industry was hampered by a severe shortage of building supplies amid supply chain disruptions.

This was compounded by limited transport capacity and long wait times for items from abroad. As a result, input cost inflation was the second fastest since records began in 1997.

United States: There were no major economic data released overnight.

Today's key data and events:

AU ANZ RM Cons. Conf. w/e 5 Sep prev 101.8 (9:30am)

AU RBA Board Meeting (2:30pm)

Cash Rate exp 0.10.% prev 0.10%

EZ Employment Q2 Final prev 0.5% (7pm)

EZ GDP Q2 Final exp 2.0% prev 2.0% (7pm)

EZ ZEW Expectations Sep prev 42.7 (7pm)

CH Trade Bal. Aug exp US\$53.2bn prev US\$56.6bn (TBC)

CH Exports Aug y/y exp 17.3% prev 19.3% (TBC)

CH Imports Aug y/y exp 26.9% prev 28.1% (TBC)

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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