

Friday, 8 October 2021

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)		
S&P/ASX 200	7,257	0.7%			<b>Last</b>	<b>Overnight Chg</b>		<b>Australia</b>		
US Dow Jones	34,755	1.0%	10 yr bond	98.36		-0.03	90 day BBSW	0.02	0.01	
Japan Nikkei	27,678	0.5%	3 yr bond	99.40		-0.02	2 year bond	0.10	0.01	
China Shanghai	3,740	0.9%	3 mth bill rate	99.95		-0.01	3 year bond	0.42	0.04	
German DAX	15,251	1.9%	SPI 200	7,261.0		33	3 year swap	0.60	0.05	
UK FTSE100	7,078	1.2%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	1.59	-0.02
<b>Commodities (close &amp; change)*</b>			TWI	61.1	-	-	61.3	<b>United States</b>		
CRB Index	234.3	2.1	AUD/USD	0.7276	0.7324	0.7270	0.7311	3-month T Bill	0.05	0.00
Gold	1,755.04	-7.7	AUD/JPY	81.06	81.67	80.99	81.63	2 year bond	0.31	0.01
Copper	9,282.25	233.9	AUD/GBP	0.5354	0.5375	0.5352	0.5370	10 year bond	1.57	0.05
Oil (WTI)	78.81	1.4	AUD/NZD	1.0520	1.0552	1.0515	1.0550	<b>Other (10 year yields)</b>		
Coal (thermal)	220.90	-10.6	AUD/EUR	0.6294	0.6335	0.6291	0.6327	Germany	-0.19	0.00
Coal (coking)	388.00	4.0	AUD/CNH	4.6960	4.7236	4.6919	4.7182	Japan	0.07	-0.01
Iron Ore	118.25	0.8	USD Index	94.2	94.3	94.1	94.2	UK	1.08	0.01

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

**Main Themes:** News that US Senate leaders reached a deal to raise the US debt ceiling dominated financial markets.

**Share Markets:** Share markets rose overnight, bolstered by the Senate deal and easing concerns about Europe's energy crunch. The S&P 500 jumped 36 points (or +0.8%), the Dow lifted 338 points (or +1.0%) and the Nasdaq increased 152 points (or +1.1%).

**Interest Rates:** US bond yields rose across the yield curve. The curve steepened with the US 10-year yield rising 5 basis points and the 2-year yield only inching 1 basis point higher.

**Foreign Exchange:** The US dollar mostly fell against the G10 basket, with the Aussie dollar leading gains. The AUD rose from an overnight low of 0.7270 to a high of 0.7324. This high is at the top of the trading range the AUD/USD has stayed in since mid September. A clean break above 0.7335 in the near term could spell a modestly higher AUD/USD in the short term.

**Commodities:** Gold prices fell, as investors whetted their appetites for risk. Oil rebounded after the US Energy Department said it has no plans "at this time" to tap into the nation's oil reserves to help quell rising gasoline prices.

**COVID-19:** NSW recorded 587 new cases yesterday and eight deaths. Victoria recorded 1,638 new cases

and two deaths. Elsewhere, the ACT recorded 41 new cases. Also yesterday, the new NSW Premier announced changes to the reopening roadmap.

**Australia:** Payroll jobs fell by 0.7% in the fortnight to 11 September, following a revised fall of 1.5% in the previous fortnight. The largest falls occurred in the ACT (-2.3%), Victoria (-1.8%) and NSW (-0.3%).

Across industries, arts & recreation services (-7.4%) and agriculture, forestry & fishing (-2.2%) experienced the greatest falls.

**United States:** Senate leaders reached a deal to raise the US debt ceiling until December 3, forestalling the threat of default. The agreement lifts the borrowing cap by \$480 billion.

Initial unemployment claims in the week ended October 2 fell to 326,000 versus the 348,000 expected. The report ended a three-week streak of increases in new weekly jobless claims. First-time filings had reached 312,000, or the lowest level since March 2020, in early September before rising. Some of this uptick was due to COVID-19 cases and disruptions due to Hurricane Ida.

Cleveland Federal Reserve Bank President Loretta Mester said on Thursday that both supply-side and demand-side factors are contributing to US inflation right now. Mester added that most of the current price changes may be driven by pandemic-related shifts that could subside over time. She said that

policymakers need to distinguish short-term inflationary pressures from inflation that could be longer lasting when determining how to respond. Mester expects the Fed's employment mandate to be reached by the end of 2022.

**Today's key data and events:**

AU RBA Financial Stability Review (11:30am)  
CH Caixin Serv. PMI Sep exp 49.2 prev 46.7 (12:45pm)  
US Non-farm Payrolls Change Sep exp 500k prev 235k (11:30pm)  
US Unemploy. Rate Sep exp 5.1% prev 5.2% (11:30pm)  
US Avg Hourly Earnings Sep exp 0.4% prev 0.6% (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.

**Besa Deda, Chief Economist**

Ph: (02) 8254 3251

## Contact Listing

**Chief Economist**

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

**Economist**

Matthew Bunny  
matthew.bunny@banksa.com.au  
(02) 8254 0023

**Senior Economist**

Jarek Kowcza  
jarek.kowcza@banksa.com.au  
0481 476 436

**Research Assistant (Secondment)**

Sonali Patel  
sonali.patel@banksa.com.au  
(02) 8254 0030

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