

Tuesday, 9 November 2021

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)			
S&P/ASX 200	7,452	-0.1%			<b>Last</b>	<b>Overnight Chg</b>		<b>Australia</b>			
US Dow Jones	36,432	0.3%	10 yr bond	98.19				90 day BBSW	0.05	0.00	
Japan Nikkei	29,507	-0.4%	3 yr bond	98.92				2 year bond	0.60	-0.04	
China Shanghai	3,667	0.2%	3 mth bill rate	99.93				3 year bond	0.86	-0.06	
German DAX	16,047	0.0%	SPI 200	7,456.0				3 year swap	1.19	0.07	
UK FTSE100	7,300	0.0%	FX Last 24 hrs		Open	High	Low	Current	10 year bond	1.75	-0.06
<b>Commodities (close &amp; change)*</b>			TWI	62.1	-	-	62.0	<b>United States</b>			
CRB Index	235.6	6.0	AUD/USD	0.7394	0.7431	0.7384	0.7424	3-month T Bill	0.04	-0.01	
Gold	1,824.35	6.0	AUD/JPY	83.82	84.18	83.80	84.04	2 year bond	0.44	0.04	
Copper	9,752.00	53.0	AUD/GBP	0.5485	0.5496	0.5467	0.5474	10 year bond	1.50	0.04	
Oil (WTI)	82.28	1.0	AUD/NZD	1.0400	1.0422	1.0336	1.0356	<b>Other (10 year yields)</b>			
Coal (thermal)	151.75	10.4	AUD/EUR	0.6399	0.6416	0.6390	0.6405	Germany	-0.24	0.04	
Coal (coking)	374.50	2.7	AUD/CNH	4.7307	4.7467	4.7236	4.7419	Japan	0.06	0.00	
Iron Ore	93.10	1.0	USD Index	94.3	94.4	94.0	94.0	UK	0.86	0.01	

Data as at 8:30am AEDT. Change from previous trading day (excluding the SFE which is the change during the night session). Source: Bloomberg.

**Main Themes:** It was a quiet day in markets with little fresh news. US stocks hovered around record highs while US bond yields rose. The AUD/USD edged higher.

**Share Markets:** The S&P 500 increased 0.2% to a new record, marking its eighth consecutive gain. The Dow rose 0.3% and the Nasdaq crept 0.2% higher. Meanwhile, the ASX 200 finished largely unchanged.

Stocks have been bolstered over the recent period by corporate earnings, solid US jobs data and progress in developing a treatment for COVID-19, outweighing concerns over inflation and supply chain disruptions.

**Interest Rates:** The US 10-year treasury yield rose 4 basis points to 1.50%. The US 2-year yield also increased 4 basis points to 0.44%.

The Australian 10-year (futures) yield rose 3 basis points to 1.81% while the 3-year futures yield rose 4 basis points to 1.09%.

**Foreign Exchange:** The AUD/USD pair rose from 0.7394 to 0.7424, partly reversing the decline over the previous two sessions. The US dollar slipped lower.

**Commodities:** Oil, copper and gold prices rose.

**COVID-19:** NSW recorded 187 new cases and seven deaths yesterday. Victoria recorded 1,126 new cases and five deaths.

**Australia:** There were no major economic data releases in Australia yesterday.

**Eurozone:** Sentix investor confidence was stronger than expected in November, increasing to 18.3, from 16.9 in October. This marks the first increase in the series since July. While supply bottlenecks and inflationary pressures are weighing on businesses, Sentix notes that investors expect these factors will only be temporary, and so they are somewhat more confident about the next six months.

**United States:** Several Fed members made comments overnight. Vice-chair Clarida sees rate-hike conditions being met by the end of 2022. He flagged inflation risks are to the upside and that continued higher inflation would be an issue for central banks, but price pressures should dissipate over time as the supply/demand imbalances wane.

St. Louis President Bullard said the Fed could do more to curb inflation if needed, but that will be data dependent, noting that this is one of the "hottest" labour markets in a long time.

Philadelphia President Harker noted he expects supply chain bottlenecks to diminish next year, which will help inflation pressures subside.

Quarles announced his resignation from the Federal Reserve Board from the end of the year, giving President Biden two seats to appoint (one has been vacant). Separately, Boston and Dallas regional

banks are searching for new presidents after Rosengren and Kaplan resigned earlier this year following scrutiny of their stock trading during the pandemic.

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

NZ Card Spending Retail Oct prev 0.9% (8:45am)

AU NAB Business Survey Oct (11:30am)

Business Conditions prev 5

Business Confidence prev 13

EZ ZEW Expectations Nov prev 21.0 (9pm)

US PPI Final Oct y/y exp 8.6% prev 8.6% (12:30am)

Times are AEDT. 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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