

Monday, 11 April 2022

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)		
S&P/ASX 200	7,478	0.5%			<b>Last</b>	<b>Overnight Chg</b>		<b>Australia</b>		
US Dow Jones	34,721	0.4%	10 yr bond	96.96		-0.03	90 day BBSW	0.30	0.01	
Japan Nikkei	26,986	0.4%	3 yr bond	97.24		-0.02	2 year bond	2.13	0.02	
China Shanghai	3,408	0.5%	3 mth bill rate	99.23		-0.01	3 year bond	2.54	0.02	
German DAX	14,284	1.5%	SPI 200	7,480.0		27	3 year swap	2.79	0.02	
UK FTSE100	7,670	1.6%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	2.96	0.05
<b>Commodities (close &amp; change)*</b>			TWI	64.0	-	-	64.0	<b>United States</b>		
CRB Index	298.2	3.6	AUD/USD	0.7480	0.7493	0.7427	0.7461	3-month T Bill	0.67	0.00
Gold	1,947.54	15.7	AUD/JPY	92.73	92.90	92.28	92.65	2 year bond	2.51	0.05
Copper	10,304.75	10.3	AUD/GBP	0.5721	0.5736	0.5709	0.5726	10 year bond	2.70	0.04
Oil (WTI futures)	98.26	2.2	AUD/NZD	1.0850	1.0903	1.0850	1.0894	<b>Other (10 year yields)</b>		
Coal (thermal)	288.60	12.1	AUD/EUR	0.6875	0.6898	0.6797	0.6841	Germany	0.71	0.03
Coal (coking)	419.33	3.3	AUD/CNH	4.7595	4.7662	4.7341	4.7525	Japan	0.23	0.00
Iron Ore	151.25	-3.8	USD Index	99.76	100.19	99.74	99.80	UK	1.75	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:** US equities were mixed and US bond yields continued to rise while there was little fresh news for markets. The AUD/USD was slightly weaker. The Australian federal election was called for May 21.

**Share Markets:** The S&P 500 edged down 0.3%, the Dow was up 0.4% and the Nasdaq fell 1.3%. Meanwhile, the ASX 200 rose 0.5%.

**Interest Rates:** The 2-year US treasury yield rose 5 basis points to 2.51% while the 10-year treasury yield rose 4 basis points to 2.70%. In intraday trade, the 10-year yield touched 2.73% – its highest level since February 2019.

Markets are almost fully priced for the Federal Reserve to hike 50 basis points at the next meeting in May.

The Australian 3-year (futures) yield rose 2 basis points to 2.75% and the 10-year futures yield climbed 5 basis points to 3.03%.

Markets are fully priced for the Reserve Bank to hike 15 basis points at the June meeting and have the cash rate around 2.0% by the end of the year.

**Foreign Exchange:** The AUD/USD pair roundtripped from 0.7480 to 0.7427 and back to 0.7461. The US dollar edged up slightly.

**Commodities:** WTI crude oil, coal and gold prices rose while iron ore softened.

**Australia:** On Sunday, Prime Minister Morrison called the federal election for May 21. The polling

date means the election campaign will last 41 days, although this includes the Easter holidays and Anzac day. Morrison kicked off his campaign with promises to manage the economy, national security, and the pandemic recovery. Opposition Leader Albanese countered with pledges for higher wages and climate action.

The Reserve Bank (RBA) issued its semi-annual Financial Stability Review on Friday. The RBA said the Australian financial system remains resilient despite recent global developments. The RBA flagged large falls in property or financial assets would be disruptive for financial markets and the economy. This could be triggered by larger-than-expected increases in interest rates, an increase in risk aversion and/or weak income growth. The RBA also identified elevated cyber risks for Australian financial institutions, noting the increasing prevalence of cyber-attacks.

**Europe:** French President Emmanuel Macron will face nationalist Marine Le Pen in the final round of the French election on April 24, exit polls showed after first-round voting on Sunday.

**Japan:** The current account swung into surplus in February, following two consecutive months of deficits. The ¥1,648.3bn surplus is the widest since July 2021 and follows a deficit of ¥1,188.7bn in January.

**Ukraine and Russia:** The European Union signed off its fifth round of sanctions on Russia, including a

ban on all Russian coal imports, with a four-month transition period. The package also included measures targeted at entities in the defence sector, more sanctions on banks and closing off EU ports from Russian vessels.

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

NZ Card Spending Retail Mar prev -7.8% (8:45am)

CH PPI Mar y/y exp 8.1% prev 8.8% (11:30am)

CH CPI Mar y/y exp 1.4% prev 0.9% (11:30am)

UK Industrial Production Feb exp 0.3% prev 0.7% (4pm)

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.

**Matthew Bunny, Economist**

Ph: (02) 8254 0023

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## Contact Listing

**Chief Economist**

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

**Economist**

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

**Senior Economist**

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

**Associate Economist**

Jameson Coombs  
jameson.coombs@bankofmelbourne.com.au  
0401 102 789

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