

Friday, 13 August 2021

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)		
S&P/ASX 200	7,588	0.1%	<b>Last</b>		<b>Overnight Chg</b>			<b>Australia</b>		
US Dow Jones	35,500	0.0%	10 yr bond	98.79				90 day BBSW	0.01	-0.01
Japan Nikkei	28,015	-0.2%	3 yr bond	99.67				2 year bond	0.05	0.00
China Shanghai	3,694	-0.2%	3 mth bill rate	99.98				3 year bond	0.30	-0.02
German DAX	15,938	0.7%	SPI 200	7,526.0			28	3 year swap	0.44	0.00
UK FTSE100	7,193	-0.4%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	1.19	-0.04
<b>Commodities (close &amp; change)*</b>			TWI	61.6	-	-	61.7	<b>United States</b>		
CRB Index	217.0	0.3	AUD/USD	0.7374	0.7377	0.7332	0.7341	3-month T Bill	0.04	-0.01
Gold	1,752.90	1.2	AUD/JPY	81.42	81.47	80.95	81.06	2 year bond	0.22	0.00
Copper	9,437.00	-47.3	AUD/GBP	0.5317	0.5322	0.5301	0.5315	10 year bond	1.36	0.03
Oil (WTI)	68.95	-0.1	AUD/NZD	1.0470	1.0492	1.0456	1.0478	<b>Other (10 year yields)</b>		
Coal (thermal)	141.80	2.4	AUD/EUR	0.6281	0.6283	0.6250	0.6256	Germany	-0.46	0.00
Coal (coking)	219.75	0.3	AUD/CNH	4.7754	4.7774	4.7505	4.7563	Japan	0.03	-0.01
Iron Ore	158.20	-1.0	USD Index	92.9	93.0	92.8	93.0	UK	0.60	0.03

Data as at 8:20am. Change from previous trading day (excluding the SFE which is the change during the night session). Source: Bloomberg.

**Main Themes:** US share markets rose to new record highs and US producer price inflation rose at the fastest annual pace since late 2010.

**Share Markets:** Share markets scaled to new all-time highs overnight. The Dow Jones rose 15 points to a new record and the S&P 500 index jumped 13 points (or 0.3%) to a new peak also. The Nasdaq added 51 points (or +0.4%).

**Interest Rates:** Bond yield continued to rise across the US curve. The US 10-year yield rose 3 basis points, although the US 2-year yield was unchanged at the close. The strong lift in producer price inflation in the US also

**Foreign Exchange:** The US dollar appreciated in the overnight session and the AUD/USD pair remained in a tight and familiar trading range of 0.7332-0.7377.

**Commodities:** There were very modest movements in most commodities overnight. Gold edged slightly higher, and oil moved slightly into the red.

**COVID-19:** NSW recorded 345 new cases yesterday. Queensland recorded 10 new cases and Victoria recorded 21 new cases.

The local government areas (LGAs) of Bayside, Burwood and Strathfield have been deemed "areas of concern" and will be subjected to the more stringent COVID-19 lockdown restrictions.

In regional NSW, the current stay-at-home orders

across Hunter New England will be extended for one week until 12:01am on 20 August. These rules apply to Newcastle, Lake Macquarie, Maitland, Port Stephens, Singleton, Dungog, Muswellbrook and Cessnock.

After more than a year of no COVID-19 cases, the ACT recorded 1 new case yesterday and has entered a snap 7-day lockdown.

**Australia:** Consumer inflation expectations fell to 3.3% in August, after 3.7% fall in July. This time last year inflation expectations were around 3.7%.

**Europe:** Industrial production rose 9.1% in June in the euro area, underpinned by a relaxation of some restrictions.

**New Zealand:** House prices increased by 25.2% over the year from \$659,000 in July 2020 to a record \$826,000 in July 2020. The number of properties sold in July across New Zealand fell 11.7%, from 8,135 in July 2020 to 7,187 in July 2020. It is unclear at this stage whether the fall in sale volumes is a result of potential interest rate increases or by the return of loan-to-value ratios.

The Reserve Bank of New Zealand's board is set to meet on 18 August to discuss the Official Cash Rate.

**United Kingdom:** The UK economy has rebounded strongly from its winter lockdowns. GDP jumped by 4.8% in Q2, as the easing of restrictions, reopening of hospitality venues spurred a recovery led by household spending. It is the fastest quarterly

growth seen in the G7, but still left the economy 4.4% smaller than in Q4 2019.

**United States:** The producer price index (PPI) for final demand increased 1.0% in July, matching June's increase. In year-ended terms, the PPI rose by 7.8%, faster than the 7.3% annual pace recorded in June and above market expectations for a rate of 7.3%. The reading was also the strongest since recordkeeping began in November 2010.

Initial jobless claims took another step lower last week, underscoring the ongoing recovery in the labour market. Initial jobless claims fell to 375k in the week ended August 7, from 387k in the prior week. Continuing claims dipped to a fresh pandemic-era low below 3 million, pacing back toward pre-virus levels.

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

NZ BusinessNZ Mfg PMI Jul prev 60.7 (8:30am)

NZ Net Migration Jun prev 1182 (8:45am)

EZ Trade Balance Jun exp €10.8bn prev €9.4bn (7pm)

US Import Prices Jul exp 0.6% prev 1.0% (10:30pm)

US Export Price Index Jul exp 0.8% prev 1.2% (10:30pm)

US UoM Consumer Sentiment Aug Prel. (12am)

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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