

Monday, 14 March 2022

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)		
S&P/ASX 200	7,064	-0.9%			Last	Overnight Chg		Australia		
US Dow Jones	32,944	-0.7%	10 yr bond	97.63		0.03	90 day BBSW	0.15	0.00	
Japan Nikkei	25,163	-2.1%	3 yr bond	98.20		0.03	2 year bond	1.31	0.03	
China Shanghai	3,469	0.4%	3 mth bill rate	99.44		0.00	3 year bond	1.81	0.03	
German DAX	13,628	1.4%	SPI 200	7,071.0		20	3 year swap	2.30	0.22	
UK FTSE100	7,156	0.8%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	2.40	0.03
Commodities (close & change)*			TWI	62.0	-	-	62.2	United States		
CRB Index	295.1	3.8	AUD/USD	0.7358	0.7367	0.7282	0.7290	3-month T Bill	0.35	-0.02
Gold	1,988.46	-8.5	AUD/JPY	85.44	85.89	85.27	85.56	2 year bond	1.75	0.05
Copper	10,152.50	56.5	AUD/GBP	0.5624	0.5626	0.5572	0.5590	10 year bond	1.99	0.01
Oil (WTI futures)	109.33	3.3	AUD/NZD	1.0718	1.0731	1.0680	1.0703	Other (10 year yields)		
Coal (thermal)	368.65	-4.7	AUD/EUR	0.6702	0.6702	0.6637	0.6670	Germany	0.25	-0.03
Coal (coking)	635.00	0.0	AUD/CNH	4.6566	4.6601	4.6340	4.6386	Japan	0.19	-0.01
Iron Ore	157.50	-0.1	USD Index	98.54	99.16	98.27	99.12	UK	1.49	-0.03

Data as at 8:00am AEDT. Change from previous trading day (excluding the SFE, which is the change during the night session). Source: Bloomberg.

Main Themes: Risk sentiment declined on Friday as investors continued to weigh developments surrounding the war in Ukraine. Ukraine's Foreign Minister said that there was no progress in talks with Russia. US equity markets dropped, the US dollar gained against major currencies and US bond yields rose.

Share Markets: US equities extended their losses towards the end of the day, after trading slightly higher early in the session.

The S&P 500 ended down 1.3% on Friday. This extended the weekly loss to -2.9%, the worst weekly performance since mid-January. The Nasdaq closed 2.2% down and the Dow Jones was 0.7% weaker.

The ASX 200 ended Friday 0.9% lower. Equity futures are pointing to a positive open today.

Interest Rates: US bond yields rose. The US 10-year yield closed 1 basis point higher, at 1.99%. While the 2-year bond yield rose 5 basis points, to 1.75%.

The Australian 10-year and 3-year government bond yield (futures) both pulled back by 3 basis points to 2.37% and 1.80%, respectively.

Foreign Exchange: The US dollar advanced against most major currencies. The USD Index rose from a low of 98.27 to a high of 99.16. It is currently trading around 99.12.

The AUD/USD pair declined during the day, in line with strength in the US dollar. The pair fell from a

high of 0.7367 to a low of 0.7282 and is currently trading around 0.7290.

Commodities: Oil increased to trade near \$110 a barrel. However, the commodity posted the first weekly loss since Russia invaded Ukraine, after hitting highs above \$130 a barrel. Gold declined, while copper rose. Iron ore was broadly unchanged.

Australia: There were no economic data releases on Friday.

New Zealand: Manufacturing activity continued to expand in February. The BusinessNZ manufacturing purchasing managers' index (PMI) lifted to 53.6, from a revised 52.3 in January.

United Kingdom: The industrial sector advanced its recovery in January. Industrial production rose by 0.7% in the month. This was above consensus expectations of 0.1% and up from 0.3% growth in December. On an annual basis, industrial production increased by 2.3%, the highest annual growth since August 2021.

United States: Consumer sentiment declined for the third consecutive month, to hit its lowest level in almost 11 years, as inflation concerns impact confidence.

The University of Michigan's Consumer Sentiment index fell to 59.7 in March. This was down from 62.8 in February and below consensus expectations of 61.0. Inflation expectations are weighing on confidence, as the war in Ukraine leads to a spike in

fuel prices. Inflation expectations for one year ahead rose to their highest level since 1981, jumping from 4.9% to 5.4%. However, longer-term inflation expectations remained more contained. Expectations for inflation 5-10 years ahead remained at 3.0%.

Russia & Ukraine: Russia's attack on Ukraine came closer towards NATO, as Russian missiles reportedly hit a Ukrainian military training facility near the Polish border. On Friday, Ukraine's Foreign Minister said that there was no progress in talks with Russia. However, reports this morning indicate that some progress has been made between Ukrainian and Russian negotiators. Chief of Staff to the Ukrainian President has reportedly noted that Russian is 'listening carefully', moving forward from making ultimatums.

On Friday, US President Biden called on US lawmakers to join Western allies and end regular trade with Russia. The US and China will meet to discuss Russia's invasion of Ukraine, as the US seeks to convince China to enforce sanctions on Russia.

Today's key data and events:

NZ Net Migration Jan prev -539 (8:45am)

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.

Jarek Kowcza, Senior Economist

Ph: 0481 476 436

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

The Detail

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