

Tuesday, 15 March 2022

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)		
S&P/ASX 200	7,149	1.2%			Last	Overnight Chg		Australia		
US Dow Jones	32,945	0.0%	10 yr bond	97.49		-0.05	90 day BBSW	0.15	0.01	
Japan Nikkei	25,308	0.6%	3 yr bond	98.15		0.01	2 year bond	1.33	0.03	
China Shanghai	3,379	-2.6%	3 mth bill rate	99.44		-0.01	3 year bond	1.84	0.03	
German DAX	13,929	2.2%	SPI 200	7,084.0		-64	3 year swap	2.12	0.07	
UK FTSE100	7,193	0.5%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	2.45	0.06
Commodities (close & change)*			TWI	62.2	-	-	61.8	United States		
CRB Index	288.5	-6.7	AUD/USD	0.7290	0.7299	0.7187	0.7195	3-month T Bill	0.37	-0.01
Gold	1,952.99	-35.5	AUD/JPY	85.56	85.82	84.91	85.04	2 year bond	1.86	0.11
Copper	9,894.50	-258.0	AUD/GBP	0.5590	0.5596	0.5526	0.5533	10 year bond	2.14	0.15
Oil (WTI futures)	102.03	-7.3	AUD/NZD	1.0703	1.0722	1.0651	1.0662	Other (10 year yields)		
Coal (thermal)	310.05	-27.2	AUD/EUR	0.6670	0.6682	0.6560	0.6572	Germany	0.37	0.12
Coal (coking)	635.00	0.0	AUD/CNH	4.6386	4.6434	4.5942	4.6033	Japan	0.20	0.01
Iron Ore	145.50	-1.7	USD Index	99.12	99.29	98.68	99.07	UK	1.59	0.10

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: Investors continued to tread with caution. Geopolitical developments and concerns about the war's inflationary impact on central bank tightening were in focus. US stocks declined and bond yields rose while oil fell.

Share Markets: US share markets erased early gains to finish lower. The S&P 500 closed 0.7% lower, while the NASDAQ shed 2.0%. The Dow Jones bucked the trend, closing flat.

European markets continued to rebound, the Euro Stoxx 50 and the German Dax gained 1.5% and 2.2%, respectively.

The ASX 200 gained 1.2% in yesterday's trade.

Interest Rates: US bonds were sold off ahead of the Fed's two-day meeting kicking off today. The 10-year treasury yield jumped 15 basis points to 2.14%, its highest level since June 2019. The 2-year treasury yield gained 11 basis points to 1.86%, its highest level since August 2019.

Interest rate markets are expecting a 25 basis point rate hike to come from the Fed's meeting and are priced for seven rate hikes over 2022.

The Australian 3-year bond (futures) yield rose 1 basis point to 1.85%. The 10-year (futures) yield jumped 5 basis points to 2.51%.

A 15 basis point rise in the cash rate is fully priced for June, according to interbank cash rate futures.

Foreign Exchange: The Aussie dollar fell from a high of 0.7209 to two-week a low of 0.7187 before

settling around 0.7195.

The US dollar was broadly unchanged against a basket of its G10 peers. The DXY index is currently trading at 99.07, after bouncing back from a low of 98.68.

Commodities: The price of oil continued to soften overnight, suggesting concerns over supply are easing. The price of West Texas Intermediate (WTI) crude oil briefly touched under US\$100 per barrel for the first time since 1 March. WTI futures are currently trading around US\$102 per barrel.

Iron ore, gold and copper also softened.

Australia: There were no major economic data releases yesterday.

New Zealand: New Zealand reported a net migration outflow of 558 people in January. The result follows a 1,919-person net migration loss in December, taking the annual migration outflow to 7,508.

Russia & Ukraine: US officials commenced high-level talks with Beijing. The US is seeking China's help to pressure Vladimir Putin to end the war on Ukraine. However, no agreement has been reached at this stage.

Negotiations ended between Russia and Ukraine after several hours and are expected to recommence later today. Russian forces continue to bombard Kyiv, while the UN estimates almost 5 million people both inside and outside of Ukraine

have been displaced by the conflict.

Today's key data and events:

AU ABS Dwelling Prices Q4 prev 5.0% (11:30am)
AU RBA Board Meeting Minutes (11:30am)
CH Indust. Production Feb y/y exp 4.0% prev 9.6% (1pm)
EZ EU ZEW Expectations Mar prev 48.6 (9pm)
EZ Indust. Production Jan exp 0.1% prev 1.2% (9pm)
UK ILO Unemploy. Rate Jan exp 4.0% prev 4.1% (6pm)
US PPI Final Feb y/y exp 10.0% prev 9.7% (11:30pm)
US NY Empire Mfg Mar exp 7.0 prev 3.1 (11:30pm)

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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The Detail

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