

Tuesday, 21 June 2022

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)		
S&P/ASX 200	6,433	-0.6%			Last	Overnight Chg		Australia		
US Dow Jones	closed		10 yr bond	95.85		0.00		90 day BBSW	1.84	0.04
Japan Nikkei	25,771	-0.7%	3 yr bond	96.09		-0.02		2 year bond	3.28	-0.04
China Shanghai	3,475	0.0%	3 mth bill rate	96.80		0.00		3 year bond	3.60	-0.03
German DAX	13,266	1.1%	SPI 200	6,388.0		47		3 year swap	4.15	0.00
UK FTSE100	7,122	1.5%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	4.07	-0.06
Commodities (close & change)*			TWI	62.7	-	-	62.3	United States		
CRB Index	closed		AUD/USD	0.6932	0.6996	0.6927	0.6951	3-month T Bill	closed	
Gold	1,838.74	-0.7	AUD/JPY	93.59	94.36	93.38	93.90	2 year bond	closed	
Copper	8,969.00	-112.3	AUD/GBP	0.5674	0.5715	0.5670	0.5675	10 year bond	closed	
Oil (WTI futures)	closed		AUD/NZD	1.0984	1.1007	1.0963	1.0981	Other (10 year yields)		
Coal (thermal)	347.00	21.0	AUD/EUR	0.6608	0.6645	0.6600	0.6614	Germany	1.75	0.09
Coal (coking)	385.33	-0.7	AUD/CNH	4.6565	4.6793	4.6406	4.6503	Japan	0.24	0.01
Iron Ore	111.60	0.7	USD Index	104.70	104.75	104.23	104.48	UK	2.60	0.11

Data as at 7:30am AEST. Change is from the previous trading day (excluding the SFE, which is the change during the night session). Source: Bloomberg.

Main Themes: Risk sentiment rebounded slightly as US markets were closed for a public holiday. US equity futures rose, in line with European equities. Bond yields implied by futures prices rose, while the US dollar weakened slightly against G-10 peers.

Share Markets: US markets were closed for a public holiday. However, futures continued to trade. S&P 500 and Nasdaq futures were both 1.1% higher at the time of writing. Dow Jones futures were up 0.9%.

US futures followed the lead from European markets, which closed higher earlier in the day. The Euro Stoxx 50 was up 0.9%, the DAX was 1.1% higher and the FTSE 100 rose 1.5%.

The ASX fell 0.6% yesterday. Futures are pointing to a positive open today.

Interest Rates: Physical US bond markets were closed yesterday. However, futures implied that the US 10-year treasury yield rose by 3 basis points. Futures also implied that the 2-year yield rose by 7 basis points.

The Australia 10-year government bond yield (futures) rose by 1 basis point, to 4.16%. The 3-year government bond yield (futures) was 2 basis points higher, at 3.92%.

Foreign Exchange: The US dollar weakened slightly against major currencies, after trading in a narrow range relative to recent weeks. The USD Index declined from a high of 104.75 to a low of 104.23,

before pulling back to 104.48.

The AUD/USD pair was slightly higher after trading in a range below the 0.7000 level. The pair rose from a low of 0.6927 to a high of 0.6996. It was trading at 0.6951 at the time of writing.

Commodities: Gold and copper pulled back on the day. Brent crude oil rose to above US\$114 a barrel. European natural gas futures rose further. Russian supply may continue to be impacted following shipments through the Nord Stream pipeline being cut last week.

Australia: There were no major economic data releases yesterday.

Eurozone: European Central Bank (ECB) President Christine Lagarde restated the ECB's intentions to hike rates in July and September, despite concerns over financial market tensions.

She noted that "risks to financial stability [in Europe] have perceptibly increased since the beginning of this year". She cautioned that "while the correction in asset prices has so far been orderly, the risk of a further and possibly abrupt fall in asset prices remains severe".

She also noted that "fragmentation will be addressed if the risk of it arises" in referring to the ECB's new crisis tool to address fragmentation across the Eurozone. The tool is being worked on by authorities and is expected to be finalised before

the next policy meeting on 20-21 July.

United Kingdom: House prices climbed 0.3% in June to a new record high level. The monthly gain was the weakest in six months as the market show signs of losing some steam. In annual terms, growth slowed to 9.7%, from 10.2% previously.

The Bank of England's (BoE) Catherine Mann noted that the BoE should hike rates at a faster pace to avoid a further depreciation of the pound against the US dollar. She voted for a 50 basis point increase at last week's BoE policy meeting.

United States: Federal Reserve Bank of St. Louis President, James Bullard warned that inflation expectations risked becoming "unmoored without credible Fed action". He expects the US economy to continue to grow in the coming several months, despite risks to growth.

Today's key data and events:

AU RBA Governor Lowe Speech (10am)

AU RBA Board Meeting Minutes (11:30am)

US Chicago Fed Nat Act Index May exp 0.47 prev 0.47
(10:30pm)

US Existing Home Sales May exp -3.7% prev -2.4% (12am)

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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