

Tuesday, 21 September 2021

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)		
S&P/ASX 200	7,248	-2.1%			Last	Overnight Chg		Australia		
US Dow Jones	33,970	-1.8%	10 yr bond	98.73		0.06	90 day BBSW	0.01	0.00	
Japan Nikkei	30,500	0.6%	3 yr bond	99.66		0.04	2 year bond	0.01	0.00	
China Shanghai	3,788	0.2%	3 mth bill rate	99.98		0.00	3 year bond	0.24	0.00	
German DAX	15,132	-2.3%	SPI 200	7,118.0		-98	3 year swap	0.44	0.04	
UK FTSE100	6,904	-0.9%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	1.30	0.00
Commodities (close & change)*			TWI	61.0	-	-	60.7	United States		
CRB Index	218.1	-4.0	AUD/USD	0.7266	0.7268	0.7220	0.7255	3-month T Bill	0.02	-0.02
Gold	1,764.16	9.8	AUD/JPY	79.90	79.97	79.05	79.37	2 year bond	0.22	-0.01
Copper	9,307.25	-49.8	AUD/GBP	0.5291	0.5317	0.5274	0.5311	10 year bond	1.31	-0.05
Oil (WTI)	70.29	-1.7	AUD/NZD	1.0326	1.0336	1.0290	1.0335	Other (10 year yields)		
Coal (thermal)	164.55	1.8	AUD/EUR	0.6195	0.6199	0.6167	0.6187	Germany	-0.32	-0.04
Coal (coking)	390.00	0.3	AUD/CNH	4.7028	4.7081	4.6845	4.7036	Japan	0.05	0.00
Iron Ore	96.25	2.7	USD Index	93.2	93.5	93.2	93.2	UK	0.79	-0.05

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

Main Themes: Risk sentiment deteriorated alongside concerns about contagion from a liquidity crisis at a large Chinese real estate developer, and the prospect of Fed tapering. Major market equities and bond yields dropped.

Share Markets: US stocks tanked, sparked by angst over China's real estate sector and the possibility of Fed tapering. The S&P 500 finished down 1.7% although was down as much as 2.9% intraday, the biggest slide since October 2020. The Dow declined 1.8% and the Nasdaq fell 2.2%. The ASX 200 dropped 2.1%.

Interest Rates: US 10-year treasury yields fell 5 basis points to 1.31% while 2-year yields hovered around 0.22%.

Australian 10-year (futures) yields declined 5 basis points to 1.28% and 3-year futures fell 4 basis points to 0.35%.

Foreign Exchange: The Australian dollar declined against the US dollar, touching a low of 0.7220 before paring losses to finish at 0.7255. The US dollar finished unchanged.

Commodities: Oil declined while gold and iron ore firmed.

COVID-19: NSW recorded 935 new cases yesterday and four deaths. The regional NSW town of Cowra entered a snap 7-day lockdown yesterday.

Meanwhile, Victoria recorded 567 new cases and

the ACT recorded 7 new cases.

Australia: There were no major economic data releases yesterday.

China: A large real estate developer, Evergrande, with nearly two trillion yuan in liabilities (\$305 billion) is on the brink of collapse. This follows a crackdown on debt imposed by Chinese regulators in recent years alongside efforts to contain financial risks. So far, Chinese policymakers have stopped short of announcing any major intervention. The crisis has prompted concerns that regulators will miscalculate as they try to curb property market risks without derailing the economy.

Eurozone: German producer prices rose 1.5% in August to be 12.0% higher over the year. Once again, energy costs were the key driver.

United Kingdom: Rightmove data showed that prices rose 0.3% in September and rose 5.8% in the year to September. After falling in August, house prices regained momentum in September, as demand outstripped the supply of houses listed on the market.

United States: US homebuilder confidence edged higher to 76, from 75, in September after a series of declines since late 2020. The report notes some easing in material cost pressures since lumber prices have eased from record highs. However, lengthy delivery times and labour shortages remain challenges.

The US has announced quarantine-free travel for vaccinated international travellers. Noncitizens will need to have received a negative Covid test within three days of departure.

Today's key data and events:

NZ Westpac Consumer Confidence Q3 prev 107.1 (7am)

AU Cons. Conf. w/e 19 Sep prev 103.1 (9:30am)

AU RBA Board Meeting Minutes (11:30am)

NZ Credit Card Spending Aug prev -0.6% (1pm)

EZ OECD Publishes Interim Economic Outlook (7pm)

US Building Permits Aug exp -1.8% prev 2.3% (10:30pm)

US Housing Starts Aug exp 1.0% prev -7.0% (10:30pm)

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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The Detail

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