

Thursday, 22 July 2021

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)		
S&P/ASX 200	7,309	0.8%			<b>Last</b>	<b>Overnight Chg</b>		<b>Australia</b>		
US Dow Jones	34,798	0.8%	10 yr bond	98.78				90 day BBSW	0.03	0.00
Japan Nikkei	27,548	0.6%	3 yr bond	99.70				2 year bond	0.04	0.00
China Shanghai	3,734	0.7%	3 mth bill rate	99.97				3 year bond	0.23	-0.01
German DAX	15,423	1.4%	SPI 200	7,290.0				3 year swap	0.40	0.01
UK FTSE100	6,998	1.7%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	1.16	-0.02
<b>Commodities (close &amp; change)*</b>			TWI	61.4	-	-	61.2	<b>United States</b>		
CRB Index	213.0	4.0	AUD/USD	0.7331	0.7363	0.7290	0.7358	3-month T Bill	0.04	0.00
Gold	1,803.66	-6.7	AUD/JPY	80.56	81.21	80.09	81.16	2 year bond	0.21	0.01
Copper	9,318.50	115.0	AUD/GBP	0.5380	0.5384	0.5360	0.5366	10 year bond	1.29	0.07
Oil (WTI)	70.30	3.1	AUD/NZD	1.0596	1.0603	1.0546	1.0560	<b>Other (10 year yields)</b>		
Coal (thermal)	150.70	-0.3	AUD/EUR	0.6223	0.6242	0.6199	0.6238	Germany	-0.40	0.02
Coal (coking)	210.17	1.2	AUD/CNH	4.7569	4.7603	4.7232	4.7562	Japan	0.02	0.01
Iron Ore	198.80	-2.5	USD Index	93.0	93.2	92.7	92.8	UK	0.60	0.04

Data as at 7:00am. Change from previous trading day (excluding the SFE which is the change during the night session). Source: Bloomberg.

**Main Themes:** Risk sentiment continued to recover, as solid corporate earnings overshadowed concerns about the spread of the delta variant. Major market equities and bond yields marched higher.

**Share Markets:** It was a sea of green in stock markets yesterday.

US stocks extended gains with the Dow and S&P rising 0.8%. The gains were led by companies that stand to benefit the most from the reopening of the economy, like commodity, financial and industrial shares.

In Europe, the Dax rose 1.4%. The ASX 200 climbed 0.8% and futures point to a solid open.

**Interest Rates:** US 10-years yields jumped up 7 basis points to 1.29%, alongside the recovery in risk appetite, partly recovering from the sell-off over the past week or so. The 2-year yield edged up 1 basis point.

Australian 10-year (futures) yields climbed from 1.17% to 1.22%. The Australian 3-year futures yield rose from 0.28% to 0.31%.

**Foreign Exchange:** The AUD/USD pair initially slipped to 0.7290, an 8-month low, before reversing higher to 0.7359. The Australian dollar notably held its head above the key support level around 0.7240. The defensive US dollar declined.

**Commodities:** WTI crude oil climbed above \$70 per barrel and copper edged higher. Gold slipped.

**COVID-19:** NSW recorded 110 new COVID-19 cases, 43 of which were infectious in the community. Victoria recorded 22 new cases and South Australia recorded 4 new cases.

**Australia:** Preliminary retail sales fell 1.8% in June, following a 0.4% rise in May. The fall was due to lockdowns and restrictions across multiple states. Over the year, retail sales rose 2.9%.

By state, Victoria (-3.5%) saw the greatest fall, followed by NSW (-2.0%) and Queensland (-1.5%). All industries except for food retailing (up 1.5%) fell in June as mobility declined, while retailers moved back to online distribution channels.

Separately, the six-month annualised growth rate of the Westpac-Melbourne Institute Leading Index fell to 1.34% in June, from 1.68% in May. While lower than in May, the result still suggests that the economy will grow above trend over the next three to nine months.

Brisbane was named as the host city of the Olympics in 2032.

**New Zealand:** Credit card spending fell 1.0% in June, following an 8.5% increase in May. Credit card spending was 6.3% higher over the year.

**Europe:** The European Central Bank (ECB) will deliver its July policy decision today. President Lagarde has flagged it will be a significant meeting. The ECB is set to recalibrate its communication style and forward guidance in light of its new monetary

policy framework. The central bank has recently revised its inflation target from “below, but close to, 2%” to a straight 2% target.

**United States:** There was no major economic data released yesterday.

**Today’s key data and events:**

AU NAB Business Confidence Q2 prev 17 (11:30am)  
AU Weekly Payroll Jobs & Wages w/e Jul 3 (11:30am)  
EZ ECB Monetary Policy Meeting (9:45pm)  
Main Refi Rate exp 0.00% prev 0.00%  
US Chicago Fed Nat Act Index Jun exp 0.30 prev 0.29 (10:30pm)  
US Initial Jobless Claims w/e Jul 17 exp 350K prev 360K (10:30pm)  
US Leading Index Jun exp 0.9% prev 1.3% (12am)  
US Existing Home Sales Jun exp 1.7% prev -0.9% (12am)  
EZ Consumer Confidence Jul exp -2.6 prev -3.3 (12am)  
US Kansas City Fed Manf Act Ind Jul exp 25 prev 27 (1am)

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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