

Tuesday, 22 June 2021

| Equities (close & % change) | | | Sydney Futures Exchange (close & change) | | | | | Interest rates (close & change) | | |
|--|----------|--------|--|---------|----------------------|--------|---------|---------------------------------|-------|-------|
| S&P/ASX 200 | 7,235 | -1.8% | Last | | Overnight Chg | | | Australia | | |
| US Dow Jones | 33,877 | 1.8% | 10 yr bond | 98.40 | -0.06 | | | 90 day BBSW | 0.03 | 0.01 |
| Japan Nikkei | 28,011 | -3.3% | 3 yr bond | 99.47 | -0.01 | | | 2 year bond | 0.08 | 0.02 |
| China Shanghai | 3,699 | 0.1% | 3 mth bill rate | 99.96 | 0.00 | | | 3 year bond | 0.46 | 0.03 |
| German DAX | 15,603 | 1.0% | SPI 200 | 7,244.0 | 89 | | | 3 year swap | 0.50 | -0.01 |
| UK FTSE100 | 7,062 | 0.6% | FX Last 24 hrs | Open | High | Low | Current | 10 year bond | 1.52 | -0.08 |
| Commodities (close & change)* | | | TWI | 62.7 | - | - | 62.6 | United States | | |
| CRB Index | 207.9 | 2.0 | AUD/USD | 0.7491 | 0.7546 | 0.7478 | 0.7542 | 3-month T Bill | 0.03 | -0.01 |
| Gold | 1,783.27 | 19.1 | AUD/JPY | 82.53 | 83.25 | 82.14 | 83.18 | 2 year bond | 0.25 | 0.00 |
| Copper | 9,133.25 | -169.0 | AUD/GBP | 0.5424 | 0.5444 | 0.5407 | 0.5412 | 10 year bond | 1.49 | 0.05 |
| Oil (WTI) | 73.66 | 2.0 | AUD/NZD | 1.0788 | 1.0800 | 1.0767 | 1.0788 | Other (10 year yields) | | |
| Coal (thermal) | 123.30 | -0.2 | AUD/EUR | 0.6311 | 0.6336 | 0.6302 | 0.6327 | Germany | -0.17 | 0.03 |
| Coal (coking) | 171.25 | 0.0 | AUD/CNH | 4.8384 | 4.8794 | 4.8359 | 4.8766 | Japan | 0.05 | -0.01 |
| Iron Ore | 198.00 | 1.1 | USD Index | 92.3 | 92.4 | 91.8 | 91.8 | UK | 0.77 | 0.02 |

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

Main Themes: Risk sentiment recovered as markets assessed that the Federal Reserve will tighten policy gradually following the central bank's hawkish pivot last week. US stocks and long-end yields rose while the US dollar weakened.

Share Markets: US stocks rallied after last week's selloff. The Dow rose 1.8% and the S&P 500 climbed 1.4%.

The Dax increased 1.0% while the ASX 200 fell 1.8%.

Interest Rates: US 2-year yields were unchanged while the US 10-year yield rose 5 basis points to 1.49%.

Australian 3-year yields (futures) edged 1 basis point higher to 0.54% while the 10-year futures yields climbed 6 basis points to 1.60%.

Foreign Exchange: The AUD/USD pair increased from 0.7491 to 0.7542 as the US dollar reversed some of its gains from recent sessions.

Bitcoin has continued to come under pressure, falling as much as 11.4% on Monday, amid a renewed crackdown from China. It has declined more than 40% over the past two months. Local authorities in Sichuan have ordered power companies to stop supplying electricity to crypto mining projects.

Commodities: WTI crude oil jumped as the US dollar weakened. Gold and iron ore increased.

COVID-19: Sydney recorded two new cases yesterday taking the outbreak to 11.

Australia: Retail sales rose 0.1% in May, according to preliminary figures released yesterday. The lockdown in Victoria weighed on spending, with retail sales declining 1.5% in the state in May. In Victoria, there were falls across most industries which were partly offset by a strong rise in spending at supermarkets, consistent with spending patterns in previous lockdowns. Year-on-year, retail sales rose 7.4% in May, following a 25.0% increase in April.

United Kingdom: The average asking price for a home grew 0.8% in June to a new record high, according to Rightmove data. Buyer demand remains strong while the number of properties available to purchase is low. Earlier in the pandemic, the government introduced a stamp duty break to help reverse the slump in the housing market. The stamp duty break is due to be fully phased out by October, which is expected to weigh on housing demand.

Europe: European Central Bank President Lagarde repeated that it is too early to consider a policy shift and that tightening monetary policy could pose a risk to the recovery, despite the improvement in the economic outlook.

United States: The Chicago Fed national activity index, which draws on 85 economic indicators, rose from -0.1 in April to 0.3 in May. A reading above zero indicates above trend growth.

Federal Open Market Committee members Kaplan

and Bullard both reiterated their hawkish views, noting the shift in the Fed's stance was appropriate given the recovery and tighter labour market. Williams was more moderate, saying the gains in the economy don't justify a policy shift yet.

Today's key data and events:

AU ANZ Roy Morgan Weekly Cons. Confidence (9:30am)

AU Weekly Payroll w/e June 5 (11:30am)

NZ Credit Card Spending May prev 2.7% (1:00pm)

EZ Cons. Confidence Jun exp -3.3 prev -5.1 (12:00am)

US Richmond Fed index Jun exp 18 prev 18 (12:00am)

US Existing Home Sales May exp -2.4% prev -2.7%
(12:00am)

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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