

Friday, 23 April 2021

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)		
S&P/ASX 200	7,055	0.8%	Last		Overnight Chg			Australia		
US Dow Jones	33,816	-0.9%	10 yr bond	98.34	-0.01			90 day BBSW	0.04	0.00
Japan Nikkei	29,188	2.4%	3 yr bond	99.72	-0.01			2 year bond	0.08	0.00
China Shanghai	3,632	-0.2%	3 mth bill rate	99.94	-0.01			3 year bond	0.31	0.02
German DAX	15,321	0.8%	SPI 200	7,010.0	-15			3 year swap	0.33	0.00
UK FTSE100	6,938	0.6%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	1.70	-0.03
Commodities (close & change)*			TWI	64.1	-	-	64.3	United States		
CRB Index	194.7	1.0	AUD/USD	0.7756	0.7765	0.7691	0.7707	3-month T Bill	0.02	0.00
Gold	1,783.94	9.9	AUD/JPY	83.82	83.86	83.11	83.21	2 year bond	0.15	0.00
Copper	9,411.25	-41.8	AUD/GBP	0.5569	0.5587	0.5557	0.5569	10 year bond	1.54	-0.02
Oil (WTI)	61.43	0.1	AUD/NZD	1.0756	1.0792	1.0747	1.0762	Other (10 year yields)		
Coal (thermal)	87.05	0.6	AUD/EUR	0.6445	0.6449	0.6406	0.6413	Germany	-0.25	0.01
Coal (coking)	114.50	0.5	AUD/CNH	5.0332	5.0374	4.9987	5.0063	Japan	0.07	-0.01
Iron Ore	178.99	-2.0	USD Index	91.1	91.4	91.0	91.3	UK	0.74	0.00

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: Reports that US President Biden may lift the capital tax gains for high-income earners dominated market direction overnight. US share markets fell and demand for government bonds rose.

Share Markets: US share markets sank overnight, led lower by banking stocks after reports US President Joe Biden will propose a capital gains tax as high as 43.4% for the wealthy. The Dow Jones dropped 321 points (or -0.9%), the S&P 500 fell 38 points (or -0.9%) and the Nasdaq dropped 132 points (or -0.9%).

Interest Rates: US bond yields fell at the longer end of the yield curve. The US 10-year yield dropped 2 basis points to 1.54%. Meanwhile, the US 2-year bond yield closed unchanged at 0.15%.

Foreign Exchange: The Australian dollar was under downward pressure overnight, falling from an overnight high of 0.7765 to a low of 0.7691.

Commodities: The gold price rose, as some investors searched for safe-haven assets on suggestions Biden would be lifting the capital gains tax.

COVID-19: The Federal government is cutting the number of arrivals from India by a third.

Australia: There was no major economic data yesterday in Australia.

Eurozone: The European Central Bank (ECB) met

overnight and reaffirmed its determination to keep borrowing costs low, repeating it will maintain its recently increased pace of bond purchases until the bloc's economy is firmly on the path to recovery.

United States: Initial jobless claims continued their downward trajectory, defying consensus that had seen an increase following the previous week's sharp drop. New filings came in at 547,000, down from a revised 586,000 in the prior seven days.

Existing home sales fell 3.7% in March, the second straight month of declines. Demand remains firm, but strong growth in house prices and a scarcity of inventory has contributed to the fall in sales. Indeed, the typical home that sold in March spent only 18 days on the market, the fastest pace on record.

The Kansas City Fed manufacturing index rose to 31 in March, from 26 in February. The index of prices paid for raw materials compared to a month ago also reached the highest level in the survey's history. Separately, the Chicago Fed National Activity index rose to 1.71 in March, from -1.21 in February. Both indexes beat market expectations.

Press reports suggest US President Biden will propose almost doubling the capital gains tax rate on people making \$1 million to 39.6%. A 3.8% tax on investment income that funds Obamacare would be kept in place, meaning federal rates for investors could be as high as 43.4%. The extra revenue would

be to help pay for social-spending initiatives.

Biden opened his climate summit by pledging to cut US greenhouse gas emissions 50%-52% from 2005 levels by the end of the decade and urged world leaders to accelerate their efforts. Poor countries made clear they expect money from wealthier nations to boost their own efforts to curb warming, while China and India kept to previously announced targets.

Today's key data and events:

AU Markit PMI Composite Apr prev 55.5 (9:00am)
AU Markit PMI Services Apr prev 55.5 (9:00am)
AU Markit PMI Manufacturing Apr prev 56.8 (9:00am)
UK Retail Sales Mar exp 1.5% prev 2.1% (4pm)
EZ Markit PMI Composite Apr exp 52.9 prev 53.2 (6pm)
EZ Markit PMI Services Apr exp 49.1 prev 49.6 (6pm)
EZ Markit PMI Manufacturing Apr exp 62.0 prev 62.5 (6pm)
US Markit PMI Composite Apr prev 59.7 (11:45pm)
US Markit PMI Services Apr exp 61.5 prev 60.4 (11:45pm)
US Markit PMI Mfg Apr exp 61.0 prev 59.1 (11:45pm)
US New Home Sales Mar exp 14.2% prev -18.2% (12am)

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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