

Monday, 23 August 2021

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)		
S&P/ASX 200	7,461	-0.1%			Last	Overnight Chg		Australia		
US Dow Jones	35,120	0.6%	10 yr bond	98.94		0.01	90 day BBSW	0.01	0.00	
Japan Nikkei	27,013	-1.0%	3 yr bond	99.79		-0.01	2 year bond	0.02	-0.01	
China Shanghai	3,592	-1.1%	3 mth bill rate	99.99		0.00	3 year bond	0.18	-0.01	
German DAX	15,808	0.3%	SPI 200	7,423.0		35	3 year swap	0.36	0.00	
UK FTSE100	7,088	0.4%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	1.08	0.00
Commodities (close & change)*			TWI	60.5	-	-	60.0	United States		
CRB Index	207.0	-2.1	AUD/USD	0.7148	0.7156	0.7106	0.7136	3-month T Bill	0.04	-0.01
Gold	1,781.11	0.7	AUD/JPY	78.46	78.63	77.90	78.30	2 year bond	0.22	0.00
Copper	9,041.00	149.0	AUD/GBP	0.5243	0.5247	0.5219	0.5238	10 year bond	1.26	0.01
Oil (WTI)	62.14	-1.4	AUD/NZD	1.0469	1.0484	1.0420	1.0443	Other (10 year yields)		
Coal (thermal)	154.55	-4.2	AUD/EUR	0.6121	0.6126	0.6084	0.6100	Germany	-0.50	-0.01
Coal (coking)	238.00	12.0	AUD/CNH	4.6457	4.6502	4.6235	4.6383	Japan	0.01	-0.01
Iron Ore	140.20	1.6	USD Index	93.6	93.7	93.4	93.5	UK	0.52	-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: A more upbeat mood prevailed on Friday, although there was little news for markets. US equities rose while US bond yields were largely unchanged. The AUD/USD made a new 10-month low.

Share Markets: The Dow rose 0.6%, the S&P 500 was up 0.8% and the Nasdaq gained 1.2%. Meanwhile the ASX 200 finished largely unchanged while futures point to gains on open.

Interest Rates: The US 10-year bond yield edged up 1 basis point to 1.26% while the 2-year yield hovered around 0.22%.

The yield on Australian 10-year and 3-year bond (futures) was mostly unchanged at 1.08% and 0.22% respectively.

Foreign Exchange: The AUD/USD pair made a new 10-month low of 0.7106 before firming to 0.7136. The US dollar closed down slightly as risk appetite improved.

Commodities: Oil continued to slide lower while bargain buying helped the price of iron ore bounce on Friday.

COVID-19: NSW recorded 830 new cases yesterday. Elsewhere, the ACT recorded 19 new cases and Victoria posted 65 cases.

Prime Minister Morrison conceded the government is rethinking its Covid strategy. He said it is highly unlikely the country will ever return to zero cases

and focus needs to shift to hospitalisations rather than case numbers.

The Greater Sydney lockdown has been extended until the end of September. This will not apply to Shellharbour or the Central Coast as they will be classified as regional areas. The lockdown for regional areas is due to end on 28 August.

On Friday a curfew was put in place for the 12 local government areas (LGAs) of concern in Sydney. The curfew will apply from 9pm to 5am. In addition, vaccines have been made mandatory for some workers in LGAs of concern.

Across NSW, masks are now mandatory when you leave the house, except when exercising.

The lockdown for the Katherine region has ended with trailing restrictions still in place.

Meanwhile, 21 new cases were reported in New Zealand yesterday. The current Level 4 lockdown has been extended until 24 August.

Australia: There were no major economic data releases on Friday.

New Zealand: Credit card spending fell 0.6% in July, following a 1.0% fall in June. Over the year, credit card spending rose 6.9%.

United Kingdom: The GfK consumer confidence index declined marginally to -8 in August, down from -7 in July. However, confidence still remains above January 2020 levels. The data suggests

spending appetite is strong, despite lingering uncertainties around COVID-19, reflecting the success of the vaccine rollout.

Retail sales fell unexpectedly in August, down 2.5%, despite restrictions lifting in the month. Grocery spending declined as consumers had more opportunities to spend outside of retail. Retailers also noted staff and goods shortages related to the pandemic.

Today's key data and events:

EZ Markit Mfg PMI Aug P. exp 61.5 prev 62.8 (6pm)

EZ Markit Services PMI Aug P. exp 60.0 prev 59.8 (6pm)

UK Markit Mfg PMI Aug P. exp 59.1 prev 60.4 (6:30pm)

UK Markit Services PMI Aug P. exp 59.7 prev 59.6
(6:30pm)

US Chicago Fed Nat Act. Index Jul prev 0.09 (10:30pm)

US Markit Mfg PMI Aug P. exp 63.0 prev 63.4 (11:45pm)

US Markit Services PMI Aug P. exp 59.2 prev 59.9
(11:45pm)

US Existing Home Sales Jul exp -0.3% prev 1.4% (12am)

EZ Consumer Conf. Aug exp -4.4% prev -4.4% (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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