

Wednesday, 24 November 2021

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)		
S&P/ASX 200	7,411	0.8%			Last	Overnight Chg		Australia		
US Dow Jones	35,814	0.5%	10 yr bond	98.09			-0.02	90 day BBSW	0.05	0.00
Japan Nikkei	29,774	0.1%	3 yr bond	98.80			-0.01	2 year bond	0.72	0.04
China Shanghai	3,762	0.2%	3 mth bill rate	99.94			0.00	3 year bond	1.01	0.05
German DAX	15,937	-1.1%	SPI 200	7,409.0			1	3 year swap	1.45	0.01
UK FTSE100	7,267	0.2%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	1.87	0.07
Commodities (close & change)*			TWI	61.1	-	-	60.9	United States		
CRB Index	238.1	2.9	AUD/USD	0.7242	0.7236	0.7207	0.7228	3-month T Bill	0.04	-0.01
Gold	1,790.32	-14.3	AUD/JPY	82.51	83.24	82.66	83.24	2 year bond	0.61	0.03
Copper	9,831.50	87.5	AUD/GBP	0.5384	0.5407	0.5389	0.5401	10 year bond	1.68	0.06
Oil (WTI)	78.75	2.0	AUD/NZD	1.0329	1.0431	1.0355	1.0394	Other (10 year yields)		
Coal (thermal)	172.00	9.8	AUD/EUR	0.6412	0.6438	0.6399	0.6425	Germany	-0.22	0.08
Coal (coking)	371.67	0.3	AUD/CNH	4.6287	4.6221	4.6059	4.6180	Japan	0.08	0.00
Iron Ore	98.40	-0.3	USD Index	96.0	96.6	96.3	96.5	UK	1.00	0.06

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

Main Themes: President Biden announced a coordinated plan to release strategic oil reserves, along with five other countries, to stem oil price gains. The plan failed to impress, and oil prices rose over the day. US equities finished higher and bond yields rose.

Share Markets: US stocks fluctuated before ending the day higher. The S&P 500 rose 0.1% while the Dow was up 0.5%. The Nasdaq declined 0.5%. The ASX 200 fell 0.6%.

Interest Rates: The US 10-year treasury yield rose 6 basis points to 1.68%, while the 2-year yield was up 3 basis points to 0.61%.

The Australian 10-year (futures) yield rose 3 basis points to 1.92%. The 2-year futures yield was mostly unchanged at 1.21%.

Foreign Exchange: The AUD/USD pair declined from 0.7242 to 0.7207 – a two-month low – before partly retracing to 0.7228. The US dollar strengthened.

Commodities: The US, China, UK, Japan, India and South Korea announced a plan to tap 50 million barrels of strategic oil reserves to dampen oil price gains. However, the oil market was underwhelmed by the package, and oil prices moved higher over the day. The move comes amid growing concern within the White House about inflation, with President Biden committing to addressing price pressures.

The response of OPEC+ will be critical to the success

of the plan. Officials from OPEC+ have warned they are likely to respond by cancelling plans to boost their own production, offsetting the additional supply of oil.

COVID-19: From December 1, fully vaccinated eligible visa holders, including international students and skilled workers, will be able to travel to Australia without an exemption. It is expected that the return of temporary visa holders will help ease labour shortages in several sectors, including retail and hospitality.

Australia: The Reserve Bank's (RBA's) Kohler said securities markets fared well through the pandemic and remain on a strong footing. She added that the RBA identified potential market risks, including asset valuations and refinancing of the Term Funding Facility. However, the RBA remains confident in the functioning of securities markets.

Eurozone: PMIs surprised with modest gains in November, despite rising virus cases and inflationary pressures. Manufacturing increased to 58.6, from 58.3 in October, and services rose to 56.6 from 54.6.

New Zealand: Retail spending in volumes terms fell 8.1% in the September quarter, as the delta outbreak through August weighed on spending. However, the result was above consensus estimates of a 10.5% decline. Retail spending is expected to recover over the December quarter, alongside the

easing of COVID-19 restrictions and leading into the holiday season.

United Kingdom: PMIs were solid in November and outperformed expectations. Manufacturing increased to 58.2, from 57.8 in October. Services edged lower to 58.6 from 59.1.

United States: The manufacturing PMI was firm, in line with expectations, at 59.1 in November, up from 58.4 in October. The services PMI slipped to 57.0 from 59.0. Supply constraints remain a key theme, with order backlogs near record highs and inventories shrinking as manufacturers struggle to keep up with demand.

The Richmond Fed manufacturing survey came in at 11 in November, down marginally from 12 in October. However, new orders declined to five from 10. The index for finished goods inventories reached its lowest level on record, with many firms reporting that inventories were too low.

Federal Open Market Committee member Bostic said the Fed may need to taper bond purchases faster than current outlined in response to strong employment gains and the rise in inflation.

Today's key data and events:

AU RBA's Bullock Panel Participation (9:15am)
AU Construction Work Done Q3 exp -3.2% prev 0.8% (11:30am)
AU RBA's Bullock Panel Participation (11:40am)
NZ RBNZ Policy Setting (12pm)
Official Cash Rate Decision exp 0.75% prev 0.50%
EZ IFO Bus. Climate Survey Nov exp 96.7 prev 97.7 (8pm)
US GDP Q3 Second Estimate Annualised exp 2.2% prev 2.0% (12:30am)
US Durable Goods Orders Oct P. exp 0.2% prev -0.3% (12:30am)
US PCE Core Oct exp 0.4% prev 0.2% (2am)
US Personal Spending Oct exp 1.0% prev 0.6% (2am)
US Personal Income Oct exp 0.2% prev -1.0% (2am)
US UoM Cons. Sent. Nov Final exp 66.9 prev 66.8 (2am)
US New Home Sales Oct exp 800k prev 800k (2am)
US FOMC Meeting Minutes Nov 3 (6am)

Times are AEDT. 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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