

Friday, 24 September 2021

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)		
S&P/ASX 200	7,370	1.0%			<b>Last</b>	<b>Overnight Chg</b>		<b>Australia</b>		
US Dow Jones	34,765	1.5%	10 yr bond	98.62				90 day BBSW	0.02	0.00
Japan Nikkei	29,639	-0.7%	3 yr bond	99.58				2 year bond	0.01	0.00
China Shanghai	3,817	0.4%	3 mth bill rate	99.98				3 year bond	0.24	0.02
German DAX	15,644	0.9%	SPI 200	7,356.0				3 year swap	0.48	0.00
UK FTSE100	7,078	-0.1%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	1.26	0.01
Commodities (close & change)*			TWI	60.7	-	-	60.7	<b>United States</b>		
CRB Index	224.0	2.2	AUD/USD	0.7239	0.7316	0.7223	0.7300	3-month T Bill	0.02	-0.01
Gold	1,742.76	-25.4	AUD/JPY	79.47	80.60	79.36	80.50	2 year bond	0.26	0.02
Copper	9,295.75	319.3	AUD/GBP	0.5316	0.5333	0.5301	0.5319	10 year bond	1.43	0.13
Oil (WTI)	73.30	1.1	AUD/NZD	1.0341	1.0354	1.0301	1.0320	<b>Other (10 year yields)</b>		
Coal (thermal)	178.50	6.7	AUD/EUR	0.6192	0.6227	0.6174	0.6217	Germany	-0.26	0.07
Coal (coking)	382.33	-2.0	AUD/CNH	4.6828	4.7241	4.6728	4.7167	Japan	0.04	0.00
Iron Ore	109.60	-0.1	USD Index	93.4	93.5	93.0	93.1	UK	0.91	0.11

Data as at 7:30am AEST. Change from previous trading day (excluding the SFE which is the change during the night session). Source: Bloomberg.

**Main Themes:** Markets were upbeat on optimism over the economic outlook while the Bank of England moved closer to hiking rates. Concerns over the Chinese property market were tempered. Major market bond yields leapt higher and equities rose.

**Share Markets:** US stocks rose for the second consecutive day, with the S&P 500 up 1.2% while the Dow increased 1.5%. The ASX 200 rose 1.0%.

**Interest Rates:** Yields climbed globally, led by the UK market. The 10-year gilt yield jumped over 0.90% for the first time since May after the Bank of England suggested the case to hike rates had strengthened.

The US 10-year treasury yield surged 13 basis points to 1.43% while the 2-year yield hovered around 0.26%.

Australian 10-year (futures) yields jumped 10 basis points to 1.39% while 3-year futures yields rose 4 basis points to 0.43%.

**Foreign Exchange:** The Australian dollar rose against the US dollar, increasing from 0.7239 to 0.7300. The US dollar weakened alongside other safe haven currencies.

**Commodities:** Oil and coal advanced, while gold fell. Iron ore was broadly unchanged.

**COVID-19:** NSW recorded 1,063 new cases yesterday and six deaths. Victoria recorded 766 new

cases and four deaths. The ACT recorded 16 new cases and Queensland recorded 1 new case.

**Australia:** Payroll jobs fell by 1.3% in the fortnight to 28 August, following a revised 0.4% fall in the previous fortnight. Across the country, the ACT (-7.1%) had the largest fall in payroll jobs, followed by Victoria (-2.8%) and NSW (-1.6%). All three regions were in lockdown for all or part of the period. Other regions were mixed. Tasmania, the NT and WA saw falls, while payroll jobs increased in Queensland and SA.

**Eurozone:** The manufacturing PMI for September fell to 58.7, from 61.4, while services declined to 56.3 from 59.0.

**United Kingdom:** The Bank of England left policy settings unchanged, as expected. The vote to hold policy rates steady was unanimous. The vote on the quantitative easing program was 7–2 with dissenters looking to end purchases immediately instead of at the end of 2021. The statement noted that the case for a “modest tightening” of policy over the forecast horizon had strengthened alongside stronger inflationary pressures.

The manufacturing PMI for September fell to 56.3 from 60.3, while services held steady at 54.6, previously 55.0.

**United States:** Initial jobless claims of 351k in the week ending 18 September were slightly higher than consensus expectations, at 320k.

PMIs disappointed, with manufacturing slipping to 55.4 and services declining to 54.5, indicating the slowest growth in a year. Activity has been restrained by supply chain disruptions, labour shortages and the Delta variant.

The leading index for August was solid at 0.9%, up from 0.8%. The Chicago Fed national activity index fell to 0.29 from 0.53 in August while the Kansas City Fed manufacturing activity index slipped to 22 from 29 in September.

**Today's key data and events:**

NZ Trade Balance Aug prev -\$402mn (8:45am)

UK GfK Consumer Sentiment Sep exp -7 prev -8 (9:01am)

JN CPI Aug y/y exp -0.3% prev -0.3% (9:30am)

JN Nikkei PMI Mfg Sep Prel. prev 52.7 (10:30am)

JN Nikkei Services PMI Sep Prel. prev 42.9 (10:30am)

EZ Ger. IFO Business Climate Survey Sep exp 99.0 prev 99.4 (6pm)

US New Home Sales Aug exp 0.6% prev 1.0% (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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