

Thursday, 25 March 2021

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)		
S&P/ASX 200	6,779	0.5%	<b>Last</b>		<b>Overnight Chg</b>			<b>Australia</b>		
US Dow Jones	32,420	0.0%	10 yr bond	98.30	-0.02			90 day BBSW	0.03	0.00
Japan Nikkei	28,406	-2.0%	3 yr bond	99.76	0.00			2 year bond	0.08	0.00
China Shanghai	3,529	-1.3%	3 mth bill rate	99.96	0.00			3 year bond	0.10	-0.01
German DAX	14,610	-0.4%	SPI 200	6,737.0	-12			3 year swap	0.28	0.00
UK FTSE100	6,713	0.2%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	1.65	-0.08
<b>Commodities (close &amp; change)*</b>			TWI	64.1	-	-	63.5	<b>United States</b>		
CRB Index	187.9	3.4	AUD/USD	0.7626	0.7636	0.7580	0.7585	3-month T Bill	0.02	0.01
Gold	1,734.69	7.6	AUD/JPY	82.80	83.04	82.29	82.48	2 year bond	0.15	0.00
Copper	8,985.25	-5.8	AUD/GBP	0.5547	0.5562	0.5533	0.5541	10 year bond	1.61	-0.01
Oil (WTI)	60.86	3.1	AUD/NZD	1.0899	1.0931	1.0865	1.0889	<b>Other (10 year yields)</b>		
Coal (thermal)	95.40	0.8	AUD/EUR	0.6438	0.6447	0.6407	0.6421	Germany	-0.35	-0.01
Coal (coking)	114.00	1.0	AUD/CNH	4.9715	4.9790	4.9491	4.9520	Japan	0.07	-0.01
Iron Ore	151.74	0.6	USD Index	92.3	92.6	92.3	92.6	UK	0.76	-0.01

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:** Weakness on Wall Street and softer bond yields.

**Share Markets:** After a bright start, the Dow ended flat and the S&P500 slipped 0.1%. The Nasdaq declined for a second day, falling 2.0% to be down 9.1% from its high in mid-February 2021.

European markets were mixed with the Dax down 0.4% and the FTSE100 up 0.2%.

The Australian SPI 200 is down 12 suggesting a soft start to the day's trade.

**Interest Rates:** Australian 10-year government bond yield fell a further 8 basis points yesterday to 1.65%. Their US equivalent was down just 1 basis point to 1.61%. Despite recent movements, up and down, 10-year yields remain close to historical lows in Australia.

**Foreign Exchange:** The US dollar index rose further overnight to 92.6, its highest level since November 2020. The increase came on the back of encouraging economic news. The AUD subsequently fell further into the US 75 cent range and is currently close to its lows of the past 24 hours.

**Commodities:** Oil was firmer as a blockage in the Suez Canal threatened supplies and stronger demand emerged out of Europe. Iron was a touch firmer as was coal. Copper and gold were relatively steady.

**Australia:** No major data released but the eastern

seaboard continues to count the cost of flood damage and disrupted supply chains.

**New Zealand:** New Zealand's trade balance improved, as expected, to a NZ\$181 million surplus in February, from a deficit of \$626 million in January. Imports eased and exports increased. Over the year, exports were down 8.5% and imports were down 1.1%.

**Europe:** Consumer confidence improved in March but remains weak. The European Commission's index of consumer confidence rose from negative 14.8 in February to negative 10.8 in March as lockdowns and COVID-19 concerns continued to weigh on sentiment.

The Eurozone Markit services purchasing manager's index (PMI) reported a modest improvement but remained below 50, the level at which expansion is expected. The services index rose to 48.8 in March following a reading of 45.7 in February. The equivalent manufacturing index was more positive, rising to 62.4 in March from 57.9 in February.

**United Kingdom:** Annual core consumer inflation in the UK fell from 1.4% in January to 0.9% in February. The Bank of England's target for inflation is 2%, a pace not seen since late 2018. A temporary spike in UK inflation is expected around April following lockdown-discounts offered by retailers.

**United States:** Durable good orders slipped 1.1% in February but this followed a 3.5% surge in January.

The US Markit manufacturing PMI rose to 59.0 in March while the services PMI rose to 60.0. Both suggest solid expansion in the US economy in the months ahead.

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

AU ABS Business Conditions & Sentiments Mar (11:30am)

EZ M3 Money Supply Feb prev 12.5% exp 12.5% (8:00pm)

US GDP Q4 Final (11:30pm)

Annualised q/q prev 33.4% exp 4.1%

US Kansas City Fed Index Mar prev 24 exp 26 (2:00am)

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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