

Wednesday, 25 November 2020

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)		
S&P/ASX 200	6,644	1.3%			Last	Overnight Chg		Australia		
US Dow Jones	30,048	1.5%	10 yr bond	99.08			-0.03	90 day BBSW	0.02	0.00
Japan Nikkei	26,166	2.5%	3 yr bond	99.83			-0.01	2 year bond	0.09	0.00
China Shanghai	3,567	-0.3%	3 mth bill rate	99.99			0.00	3 year bond	0.11	0.00
German DAX	13,292	1.3%	SPI 200	6,687.0			40	3 year swap	0.13	0.01
UK FTSE100	6,432	1.6%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	0.89	0.05
Commodities (close & change)*			TWI	60.9	-	-	61.1	United States		
CRB Index	159.8	2.5	AUD/USD	0.7286	0.7368	0.7283	0.7356	3-month T Bill	0.07	-0.01
Gold	1,805.02	-32.8	AUD/JPY	76.20	76.94	76.10	76.90	2 year bond	0.16	0.00
Copper	7,286.25	115.8	AUD/GBP	0.5469	0.5511	0.5468	0.5507	10 year bond	0.88	0.03
Oil (WTI)	44.83	1.8	AUD/NZD	1.0526	1.0552	1.0473	1.0550	Other (10 year yields)		
Coal (thermal)	69.10	2.0	AUD/EUR	0.6154	0.6202	0.6153	0.6190	Germany	-0.56	0.02
Coal (coking)	101.00	-8.9	AUD/CNH	4.7958	4.8442	4.7935	4.8394	Japan	0.03	0.01
Iron Ore	124.73	1.1	USD Index	92.5	92.6	92.1	92.2	UK	0.33	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: The Yellen nomination. Progress on the transition of the US administration. Good news on vaccines.

Share Markets: Despite the trauma of COVID-19, US and European equities moved higher. The Dow finally reached 30,000, rising 1.5% overnight. The S&P500 was also up 1.5% also setting a record high. The Nasdaq flirted with record high and was up 1.3%.

In Europe, the FTSE100 rose 1.6% while the Dax was up 1.3%.

Interest Rates: US 10-year government bond yields rose 3 basis points to 0.88% while their Australian equivalent was up 5 basis points to 0.89%. The shorter end of the yield curve was little changed in Australia and the US.

Foreign Exchange: The US dollar index slipped to 92.2 from 92.5. The AUD subsequently rose to an overnight high of 0.7368 and sits close to that level at the open. The NZD firmed against the USD as the prospect of lower New Zealand interest rates diminished as the NZ government sought to add house price stability to its Reserve Bank's remit.

Commodities: The price of oil continues to rise in US dollar terms with West Texas Intermediate crude now above US\$44 per barrel. Gold was weaker but copper continues to climb.

COVID-19: Queensland will reopen its borders to

Sydneysiders from December 1. The decision comes after NSW achieved more than 28 days without local transmissions. Today, Victoria is expected to reach the same milestone. Should this occur, Victorians will also be allowed into Queensland from December 1.

Australia: The Victorian 2020-21 State Budget was released yesterday. It has a projected deficit of \$23.3bn in 2020-21 following a deficit of \$6.5bn in 2019-20. The State will invest \$6bn in housing initiatives and \$3.8bn in regional road and rail upgrades.

New Zealand: The NZ government has requested the Reserve Bank of New Zealand consider adding stability of house prices to its remit.

United States: US President Trump has ordered his administrative team to initiate the formal transition of power to President-elect Biden despite still challenging the results in court.

The S&P CoreLogic 20-city house price index rose 6.6% over the 12 months to September, up from 5.3% in the year to August.

Consumer confidence in the US slipped on virus concerns with the Conference Board index falling from 100.9 in October to 96.1 in November.

The Richmond Fed's survey of manufacturing fell in November, from a record high of 29 in October, to 15, suggesting a slowdown in growth momentum

within the manufacturing sector.

New York Fed President, John Williams said the Federal Reserve's bond-buying program is serving its purpose well, although it could be adjusted if required. St Louis Fed President James Bullard offered similar comments overnight.

Today's key data and events:

AU Construction Work Done Q3 exp -3.8% prev -0.7%
(11:30am)

US Durable Goods Orders Oct Prel exp 0.9% prev 1.9%
(12:30am)

US GDP Q3 Annualised exp 33.1% prev 33.1% (12:30am)

US PCE Core Oct exp 3.5% prev 3.5% (12:30am)

US Intial Jobless Claims Nov 14 exp 730k prev 742k
(12:30am)

US Personal Income Oct exp 0.0% prev 0.9% (2:00am)

US Personal Spending Oct exp 0.4% prev 1.4% (2:00am)

US UoM Consumer Sentiment Nov Final exp 77.0 prev 77.0
(2:00am)

US New Home Sales Oct exp 975k prev 959k (2:00am)

US FOMC Meeting Minutes (6:00am)

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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The Detail

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