

Tuesday, 26 April 2022

| Equities (close & % change) | | | Sydney Futures Exchange (close & change) | | | | | Interest rates (close & change) | | |
|-------------------------------|-----------|--------|--|---------|-------------|----------------------|-------------|---------------------------------|------|-------|
| S&P/ASX 200 | 7,473 | -1.6% | | | Last | Overnight Chg | | Australia | | |
| US Dow Jones | 34,049 | 0.7% | 10 yr bond | 96.89 | | 0.06 | 90 day BBSW | 0.46 | 0.05 | |
| Japan Nikkei | 26,591 | -1.9% | 3 yr bond | 97.22 | | 0.08 | 2 year bond | 2.38 | 0.00 | |
| China Shanghai | 3,069 | -5.1% | 3 mth bill rate | 98.94 | | 0.00 | 3 year bond | 2.69 | 0.00 | |
| German DAX | 13,924 | -1.5% | SPI 200 | 7,298.0 | | -25 | 3 year swap | 3.01 | 0.10 | |
| UK FTSE100 | 7,381 | -1.9% | FX Last 24 hrs | Open | High | Low | Current | 10 year bond | 3.13 | 0.00 |
| Commodities (close & change)* | | | TWI | 63.6 | - | - | 63.6 | United States | | |
| CRB Index | 298.5 | -5.7 | AUD/USD | 0.7251 | 0.7251 | 0.7135 | 0.7183 | 3-month T Bill | 0.78 | -0.01 |
| Gold | 1,931.60 | -20.0 | AUD/JPY | 93.16 | 93.30 | 91.12 | 92.04 | 2 year bond | 2.63 | -0.04 |
| Copper | 10,103.25 | -172.5 | AUD/GBP | 0.5647 | 0.5647 | 0.5590 | 0.5636 | 10 year bond | 2.82 | -0.08 |
| Oil (WTI futures) | 98.54 | -3.5 | AUD/NZD | 1.0919 | 1.0927 | 1.0825 | 1.0847 | Other (10 year yields) | | |
| Coal (thermal) | 304.20 | -6.9 | AUD/EUR | 0.6709 | 0.6709 | 0.6644 | 0.6704 | Germany | 0.84 | -0.14 |
| Coal (coking) | 444.67 | -28.7 | AUD/CNH | 4.7309 | 4.7384 | 4.7011 | 4.7201 | Japan | 0.25 | 0.00 |
| Iron Ore | 138.75 | 2.6 | USD Index | 101.15 | 101.86 | 101.06 | 101.76 | UK | 1.84 | -0.12 |

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

Main Themes: US treasury yields declined alongside mounting concerns over a slowdown in growth in China, alongside the authorities' zero-Covid strategy. The AUD/USD fell to a two-month low while US equities finished a little higher.

Share Markets: US equities recovered after an initial slump, with the Dow up 0.7%, the S&P 500 rising 0.6% and the Nasdaq increasing 1.3%. The ASX 200 fell 1.6%.

Interest Rates: US 10-year treasury yields declined 8 basis points to 2.82% and the 2-year yield slipped 4 basis points to 2.63%.

Markets are fully priced for a 50 basis point hike at the next Fed meeting in May.

Australian 10-year futures yields fell 9 basis points to 3.08% while 3-year futures fell 13 basis points to 2.74%.

Markets are fully priced for a 40 basis point rate hike from the Reserve Bank in June.

Foreign Exchange: The AUD/USD declined to 0.7183 from 0.7251, hitting its lowest level since February. Meanwhile, the US rose to its highest level since March 2020.

Separately, the Chinese yuan fell to its lowest level against the US dollar in a year in response to a growing covid outbreak in Beijing. China's zero-Covid strategy is pummelling the economy, leading to mounting concerns about a slowdown in growth.

Commodities: Most commodities declined as

China's response to the pandemic weighed on demand. WTI crude oil futures fell below \$100. Gold, coal and copper also fell.

Australia: There were no major economic data releases yesterday.

China: Chinese authorities moved to limit the decline in the yuan by reducing the amount of money banks need in reserve for their foreign currency holdings. Banks will need to hold 8% of their foreign exchange in reserve from May 15, down from the current level of 9%.

Eurozone: Pro-European centrist Emmanuel Macron was re-elected as France's President, fending off a challenge from far-right candidate Marine Le Pen on Sunday. Macron won in a decisive victory, scoring 58.5% of the vote.

The German IFO business confidence stabilised at a low level in April, despite the Ukraine war. The index rose to 91.8 from 90.8, as companies overcame the immediate shock from the war. The assessment of current conditions and expectations both improved.

United States: The Chicago Fed national activity index slipped to 0.44 in March from 0.54 in February, continuing to indicate above trend growth.

The Dallas Fed manufacturing survey fell to 1.1 from 8.7. The outlook fell to -5.5 from -0.7 and uncertainty rose to 29.8 from 20.5.

Today's key data and events:

JN Job to Applicant ratio Mar exp 1.22 prev 1.21 (9:30am)

NZ Credit Card Spending Mar prev -2.6% (1pm)

UK Public Sect. Borrowing Mar prev £12.3b (4pm)

US Durable Goods Orders Mar Prel. exp 1.0% prev -2.1%
(10:30pm)

US FHFA House Prices Feb exp 1.5% prev 1.6% (11pm)

US S&P CoreLogic CS House Prices Feb exp 1.5% prev
1.8% (11pm)

US Cons. Conf. Index Apr exp 108.4 prev 107.2 (12am)

US Richmond Fed index Apr exp 8 prev 13 (12am)

US New Home Sales Mar exp 0.3% prev -2.0% (12am)

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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