

Morning report

Wednesday, 29 April 2020

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)		
			Last		Overnight Chg		Australia			
S&P/ASX 200	5,313.1	-0.2%								
US Dow Jones	24,101.6	-0.1%	10 yr bond	99.09		0.01	90 day BBSW	0.11	0.00	
Japan Nikkei	19,771.2	-0.1%	3 yr bond	99.74		0.00	2 year bond	0.23	-0.01	
China Shanghai	2,945.1	-0.2%	3 mth bill rate	99.81		-0.01	3 year bond	0.26	0.00	
German DAX	10,795.6	1.3%	SPI 200	5,325.0		20	3 year swap	0.31	0.00	
UK FTSE100	5,958.5	1.9%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	0.93	0.01
Commodities (close & change)*			TWI	57.2	-	-	57.2	United States		
CRB Index	108.2	0.2	AUD/USD	0.6464	0.6514	0.6434	0.6488	3-month T Bill	0.09	-0.02
Gold	1,707.8	-6.2	AUD/JPY	69.34	69.57	69.04	69.33	2 year bond	0.21	-0.01
Copper	5,206.0	24.8	AUD/GBP	0.5204	0.5232	0.5184	0.5222	10 year bond	0.61	-0.05
Oil (WTI)	12.3	-0.4	AUD/NZD	1.0702	1.0752	1.0695	1.0720	Other (10 year yields)		
Coal (thermal)	51.3	0.8	AUD/EUR	0.5968	0.6009	0.5944	0.5996	Germany	-0.47	-0.02
Coal (coking)	132.2	-0.9	AUD/CNH	4.5846	4.6114	4.5651	4.5975	Japan	-0.04	0.00
Iron Ore	83.6	-0.2	USD Index	100.1	100.2	99.5	100.0	UK	0.29	-0.01

Copper, oil, coal & iron ore prices are based on futures pricing. Source: Bloomberg, Thomson Reuters Eikon.

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

Main Themes: Sentiment was mixed, as investors digested the prospect of easing social distancing restrictions. The main data release was a plunge in US consumer confidence in April. US shares and US bond yields were lower. However, the US dollar weakened and the AUD rose above 65 US cents. WTI oil prices fell amid lingering concerns about storage availability.

Share Markets: Shares were higher in Europe, but sentiment weakened into the US session. The mixed result suggests investors are weighing up the good news of some easing restrictions, but warnings that these are coming too soon, lifting the risk of a second wave of infections. The Dow closed 0.1% lower, and the S&P500 fell 0.5%. Tech stocks led the decline – the Nasdaq fell 1.4%.

Interest Rates: Yields on US treasuries fell slightly ahead of the conclusion of a two-day FOMC meeting with the Federal Reserve. US 10-year yields fell 5 basis points to 0.61%.

Foreign Exchange: The US dollar index weakened, while other major currencies including euro and GBP gained. The move might reflect the hopes of easing lockdowns around the world and easing in demand for US dollar liquidity which has been elevated since the crisis escalated.

The reversal of the US dollar benefited AUD, which poked above 65 US cents before settling at 64.9 US

cents this morning.

Commodities: US WTI oil prices fell on expectations that inventories would rise again to new records, as concerns over a lack of storage continued. Brent prices were higher, drawing on the hopes of easing lockdown measures.

COVID-19: According to Bloomberg, total cases globally stood at 3,094,829 and US cases have topped 1 million. New cases in the day stood at 76,026, the majority coming from the US.

In Australia, there were 11 new cases reported as of 3pm yesterday according to the Department of Health.

Some social distancing restrictions were lifted allowing visits to households of up to two adults in NSW. Queensland is allowing people outside for recreational reasons, as long as gatherings are limited to two people. Western Australia has increased gathering limits to 10 people.

Australia: There was no major economic data published locally yesterday.

Japan: The jobless rate rose from 2.4% in February to 2.5% in March. The outcome was in line with expectations. Unemployment should continue to rise, reflecting the impact of COVID-19 and restrictions on economic growth.

United States: Consumer confidence weakened from 118.8 in March to 86.9 in April, the weakest

since 2014, and the sharpest drop since 1973. However, there was some good news in the survey – the expectations component rose, from 86.8 to 93.8, suggesting some hope for an easing in the impact of COVID-19.

The Richmond Fed manufacturing index slumped from 2 in March to -53 in April, the lowest on record since the series began in 1993. It adds to the signs pointing to a collapse in economic activity in the month.

In other data, house prices rose 0.5% in February but this gain precedes the imposition of lockdown measures. The goods trade deficit widened from \$59.9 billion in February to \$64.2 billion in March.

Today's key data and events:

AU Consumer Price Index Q1 (11:30am)

Headline q/q exp 0.1% prev 0.7%

Headline y/y exp 1.9% prev 1.8%

Trimmed Mean q/q exp 0.3% prev 0.4%

Trimmed Mean y/y exp 1.6% prev 1.6%

NZ Trade Mar exp \$686mn prev \$594mn (8:45am)

EZ Confidence Indicators Apr (7pm)

US GDP Q1 Annualised exp -3.8% prev 2.1% (10:30pm)

US Pending Home Sales Mar exp -13.6% prev 2.4% (12am)

US FOMC Meeting exp 0-0.25% prev 0-0.25% (4am)

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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