

Friday, 29 April 2022

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)		
S&P/ASX 200	7,357	1.3%			Last	Overnight Chg		Australia		
US Dow Jones	33,916	1.8%	10 yr bond	96.82				90 day BBSW	0.71	0.18
Japan Nikkei	26,848	1.7%	3 yr bond	97.13				2 year bond	2.40	0.02
China Shanghai	3,118	0.6%	3 mth bill rate	98.74				3 year bond	2.68	0.00
German DAX	13,980	1.3%	SPI 200	7,384.0				3 year swap	3.05	-0.01
UK FTSE100	7,509	1.1%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	3.08	0.03
Commodities (close & change)*			TWI	62.9	-	-	62.6	United States		
CRB Index	308.0	2.3	AUD/USD	0.7120	0.7162	0.7055	0.7101	3-month T Bill	0.79	-0.02
Gold	1,894.45	8.4	AUD/JPY	91.43	93.53	91.34	92.93	2 year bond	2.62	0.03
Copper	9,700.00	-165.5	AUD/GBP	0.5680	0.5703	0.5658	0.5699	10 year bond	2.82	-0.01
Oil (WTI futures)	105.18	-0.2	AUD/NZD	1.0887	1.0963	1.0886	1.0943	Other (10 year yields)		
Coal (thermal)	291.65	-6.0	AUD/EUR	0.6747	0.6788	0.6718	0.6763	Germany	0.90	0.10
Coal (coking)	525.00	31.0	AUD/CNH	4.6914	4.7505	4.6865	4.7289	Japan	0.23	-0.02
Iron Ore	139.05	-3.6	USD Index	102.95	103.93	102.98	103.62	UK	1.88	0.06

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: Market sentiment stabilised as investors further digested the war in Ukraine, surging inflation and a potential slow-down in China. US share markets rebounded on strong corporate earnings, while bond yields were little changed despite disappointing US GDP data.

Share Markets: US share markets rebounded overnight alongside solid earnings reports. The NASDAQ climbed 3.1%, while the S&P 500 and the Dow Jones jumped 2.5% and 1.9%, respectively. The S&P 500 and the Dow Jones recorded the largest one-day rise in seven weeks.

The ASX 200 closed 1.3% higher yesterday. Futures are pointing to a positive open this morning.

Interest Rates: The US 2-year treasury yield jumped 3 basis points to 2.62%, while the 10-year yield fell 1 basis point to 2.82%.

Interest rate markets are fully pricing three consecutive 50 basis point rate hikes from the Fed at the May, June, and July meetings.

The Australian 3-year and 10-year bond (futures) yields lifted 6 basis points to 2.88% and 3.19%, respectively.

A 15 basis point hike in the cash rate is fully priced for the Reserve Bank's (RBA) meeting next week, followed by a 25 basis point move in June.

Foreign Exchange: The Aussie dollar fell from a high of 0.7162 to an 11-week low of 0.7055, before

retracing to around 0.7101.

The US dollar strengthened against a basket of its G-10 peers. The DXY index lifted from a low of 102.98 to a high of 103.93 – its highest level since December 2002.

Commodities: The price of oil closed above US\$105 per barrel for the first time in two-weeks and is currently trading around that level. Gold firmed, while iron ore and copper softened.

Australia: Export prices surged a record 18.0% in the March quarter, beating consensus expectations of an 11.0% quarterly rise. The result follows a 3.5% jump in export prices over the December quarter and was underpinned by a surge in commodity prices following the invasion of Ukraine. Import prices jumped 5.1% over the same period, following a 5.8% increase in the December quarter. The rise in imports was largely attributed to higher prices for petroleum products.

Japan: Industrial production rose by 0.3% in March, following a 2.0% rise in February. The softness was underpinned by an earthquake which disrupted production in the month, however, the war in Ukraine also appears to be taking a toll on output.

New Zealand: The trade deficit narrowed to \$392m in March, while February's result was heavily revised to a \$691m deficit, from \$385m previously. The value of exports jumped to a record high of \$6.7bn, while imports rose to \$7.1bn.

Business confidence edged down in April following a rebound in March. Confidence dropped to -42.0, from 41.9 in February. Surging cost pressures and rising interest rates continue to weigh on confidence.

United States: The US economy shrank for the first time since 2020 in the March quarter reflecting a surge in imports. The result surprised economists – consensus forecasts pointed to a 1% gain. In annualised terms, GDP declined 1.4% following 6.9% growth at the end of 2021. Net exports, inventories and government spending dragged on the reading. The report is more reflective of how GDP calculations can be volatile quarter to quarter, rather than necessarily indicating weakness in the economy. The report is unlikely to dissuade the Federal Reserve from aggressively hiking interest rates.

The Kansas Fed manufacturing survey fell to 25 in April from 37 in March with declines across most subcomponents. Notably, there was a sizeable fall in new orders.

Today's key data and events:

NZ ANZ Consumer Confidence Apr prev -4.7% (8am)
 AU PPI Q1 q/q prev 1.3% (11:30am)
 AU Priv. Sector Credit Mar exp 0.6% prev 0.6% (11:30am)
 EZ M3 Money Supply Mar exp 6.2% prev 6.3% (6pm)
 EZ CPI Apr Prel. exp 0.5% prev 2.4% (7pm)
 EZ GDP Q1 exp 0.3% prev 0.3% (7pm)
 UK Nationwide House Prices Apr exp 0.8% prev 1.1% (4pm)
 US Employ. Cost Index Q1 exp 1.1% prev 1.0% (10:30pm)
 US Personal Income Mar exp 0.4% prev 0.5% (10:30pm)
 US Personal Spending Mar exp 0.6% prev 0.2% (10:30pm)
 US PCE Core Mar exp 0.3% prev 0.4% (10:30pm)
 US Chicago PMI Apr exp 62.0 prev 62.9 (11:45pm)
 US UoM Cons. Sent. Apr Final exp 65.7 prev 65.7 (12am)
 CH Mfg PMI Apr exp 48.0 prev 49.5 (11:30am 30 Apr)
 CH Non-mfg PMI Apr exp 46.7 prev 48.4 (11:30am 30 Apr)
 CH Caixin Mfg PMI Apr exp 47.0 prev 48.1 (11:45am 30 Apr)

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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