

Friday, 30 April 2021

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)		
S&P/ASX 200	7,082	0.2%	Last		Overnight Chg			Australia		
US Dow Jones	34,060	0.7%	10 yr bond	98.32	-0.02			90 day BBSW	0.04	0.00
Japan Nikkei	29,054	0.2%	3 yr bond	99.73	-0.01			2 year bond	0.08	0.00
China Shanghai	3,642	0.5%	3 mth bill rate	99.95	-0.01			3 year bond	0.29	-0.01
German DAX	15,154	-0.9%	SPI 200	7,045.0	-16			3 year swap	0.33	-0.01
UK FTSE100	6,961	0.0%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	1.72	-0.02
Commodities (close & change)*			TWI	64.6	-	-	64.5	United States		
CRB Index	200.7	0.3	AUD/USD	0.7768	0.7818	0.7750	0.7769	3-month T Bill	0.00	-0.01
Gold	1,772.18	-9.5	AUD/JPY	84.44	85.01	84.36	84.63	2 year bond	0.16	0.00
Copper	9,893.50	10.3	AUD/GBP	0.5588	0.5596	0.5555	0.5573	10 year bond	1.63	0.02
Oil (WTI)	65.01	1.2	AUD/NZD	1.0781	1.0743	1.0709	1.0726	Other (10 year yields)		
Coal (thermal)	88.05	0.8	AUD/EUR	0.6424	0.6436	0.6400	0.6409	Germany	-0.19	0.04
Coal (coking)	113.33	0.5	AUD/CNH	5.0339	5.0536	5.0129	5.0219	Japan	0.10	0.00
Iron Ore	187.70	0.3	USD Index	90.9	90.8	90.4	90.6	UK	0.84	0.05

Data as at 7:45am. Change from previous trading day (excluding the SFE which is the change during the night session). Source: Bloomberg.

Main Themes: Investor sentiment was boosted after strong US GDP data and favourable earnings reports. The US S&P 500 hit a new all-time peak. Copper prices hit a 10-year high and the AUD/USD probed near the key resistance level of 0.7825 again.

Share Markets: US share markets climbed overnight, although the session was choppy. Strong US GDP data and the latest earnings propelled demand for equities higher. The Dow ramped up 240 points (or +0.7%), the S&P 500 lifted 28 points (or +0.7%) to a new peak and the Nasdaq increased 32 points (or +0.2%).

Interest Rates: Longer-end bond yields lifted. The US 10-year rose 2 basis points, as stronger equities and robust US economic data contributed to a sell off in US 10-year bond prices. The US 2-year yield was unchanged at the close at 0.16%.

Foreign Exchange: The Australian dollar hit a six-week high of 0.7818 against the US dollar. It is the third time in eight trading sessions that the Australian dollar has tried to break above the key resistance level of 0.7825 but failed.

This resistance level of 0.7825 represents the 50% retracement level from the high of 0.8007 on February 25 down to the low of 0.7532 on April 1.

Since the AUD/USD fell from 0.8007 it has struggled to get back above 0.7825, despite posting tops

above 0.7800 on more than ten separate occasions.

In our opinion, the AUD-USD over the next few months is likely to trade a range of 0.7500-0.8000 and we favour the AUD ending the June quarter near the topside of this range.

Commodities: Copper traded through \$10,000 per tonne for the first time in 10 years. Oil hit a six-week high.

Australia: The export price index rose 11.2% in the March quarter alongside the jump in commodity prices. The import price index rose 0.2% in the quarter, mainly reflecting the increase in oil prices.

Federal Treasurer Frydenberg delivered his pre-Budget speech yesterday. He highlighted the need to ensure recovery continues and the need to push unemployment below 5%.

New Zealand: A monthly trade surplus of NZ\$33.0 million was recorded in March and the annual surplus was NZ\$1.7 billion. The trade surplus was driven by stronger growth in exports.

Europe: Several confidence indexes were published overnight for April. Each of the indexes improved in the month. The industrial confidence index lifted 8.6 points to 10.7, the services confidence index rose 11.7 points to 2.1 and the economic confidence index increased 9.4 points to 110.3.

European Central Bank Chief Economist Lane stressed that the eurozone economy is still a long

way from fully recovered. Lane also added that the pandemic's negative impact remains large, despite an economic rebound developing.

United States: GDP advanced 6.4% on an annualised basis in the March quarter, exceeding consensus expectations for growth of 6.1%. It is the fastest annualised growth rate since 1984. In quarter-on-quarter terms, GDP rose 1.6% and GDP was just 1% shy of its pre-pandemic level.

Personal consumption was the key driver of growth, rising 10.7% in the quarter. Growth in consumer spending was fuelled by massive fiscal stimulus, as well as looser lockdown restrictions.

The core personal consumption expenditure (PCE) index rose 2.3% in the March quarter, which is up materially from the 1.3% pace in the December quarter.

Pending home sales, a measure of signed contracts on existing homes, rose 1.9% in March. The gain fell short of consensus expectations. On a year ago, pending home sales were 23.3% higher, but this annual rate is impacted by base effects. The pandemic struck the US hard last March and caused pending home sales to ground to a halt.

Jobless claims fell again to the lowest level since the pandemic took hold more than a year ago. It is another sign that the labour market is rebounding. Initial jobless claims, a proxy for layoffs, fell by 13k last week to 553k. The previous week's result was revised up to 566k. The four-week moving average, which smooths out volatility in the weekly figures, was 611.8k, also a pandemic low.

Today's key data and events:

NZ ANZ Consumer Confidence Apr prev 110.8 (8:00am)
 AU Business Conditions and Sentiments (11:30am)
 AU Private Sector Credit Mar exp 0.3% prev 0.3% (11:30am)
 AU PPI Q1 q/q prev 0.5% (11:30am)
 CH Non-mfg PMI Apr exp 56.1 prev 56.3 (11:00am)
 CH Mfg PMI Apr exp 51.8 prev 51.9 (11:00am)
 EZ Unemployment Rate Mar exp 8.3% prev 8.3% (7:00pm)
 EZ Core CPI Apr y/y exp 0.9% prev 0.8% (7:00pm)
 EZ GDP Q1 q/q exp -0.8% prev -0.7% (7:00pm)
 US Personal Income Mar exp 20.1% prev -7.1% (10:30pm)
 US Personal Spending Mar exp 4.1% prev -1.0% (10:30pm)
 US PCE Core Deflator Mar exp 0.3% prev 0.1% (10:30pm)
 US Chicago PMI Apr exp 65.3 prev 66.3 (11:45pm)
 US UoM Cons. Sent. Apr Final exp 87.5 prev 86.5 (12am)

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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