

Thursday, 30 September 2021

Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)		
S&P/ASX 200	7,197	-1.1%			Last	Overnight Chg		Australia		
US Dow Jones	34,391	0.3%	10 yr bond	98.50		0.01	90 day BBSW	0.02	0.00	
Japan Nikkei	29,544	-2.1%	3 yr bond	99.53		0.00	2 year bond	0.04	0.00	
China Shanghai	3,706	-1.8%	3 mth bill rate	99.97		0.00	3 year bond	0.30	-0.01	
German DAX	15,365	0.8%	SPI 200	7,199.0		23	3 year swap	0.51	0.00	
UK FTSE100	7,108	1.1%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	1.49	0.00
Commodities (close & change)*			TWI	61.3	-	-	61.0	United States		
CRB Index	227.2	-1.4	AUD/USD	0.7240	0.7264	0.7170	0.7177	3-month T Bill	0.03	0.00
Gold	1,726.37	-7.6	AUD/JPY	80.73	80.93	80.19	80.35	2 year bond	0.29	-0.01
Copper	9,273.10	-96.4	AUD/GBP	0.5350	0.5369	0.5341	0.5346	10 year bond	1.52	-0.02
Oil (WTI)	74.83	-0.5	AUD/NZD	1.0402	1.0466	1.0402	1.0451	Other (10 year yields)		
Coal (thermal)	205.40	2.5	AUD/EUR	0.6196	0.6224	0.6179	0.6189	Germany	-0.21	-0.01
Coal (coking)	354.67	-8.0	AUD/CNH	4.6845	4.6969	4.6467	4.6497	Japan	0.08	-0.01
Iron Ore	120.45	5.0	USD Index	93.7	94.4	93.7	94.4	UK	0.99	0.00

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

Main Themes: There was limited fresh news for markets overnight. The US dollar rose sharply while major market equities were mixed and bond yields were little changed.

Share Markets: The S&P 500 rose 0.2% and the Dow increased 0.3% while the Nasdaq slipped 0.3%. The ASX 200 fell 1.1%.

Interest Rates: US 10-year treasury yields hovered around 1.52% and 2-year yields were little changed at 0.29%.

Australian 10-year and 3-year (futures) yields finished effectively unchanged at 1.51% and 0.47% respectively.

Foreign Exchange: The US dollar rose sharply overnight, hitting its highest level since November 2020. The Australian dollar fell from 0.7240 to 0.7177 – a one-month low.

Commodities: Oil slid after US crude stockpiles rose. Copper and gold fell. Iron ore firmed.

COVID-19: NSW recorded 863 new cases yesterday and 15 deaths. Victoria recorded 950 new cases and seven deaths. Elsewhere, the ACT recorded 22 new cases and Queensland recorded one new case.

Australia: There was no major economic data releases yesterday.

China: China is facing an electricity crunch. A supply squeeze has prompted local governments across several provinces to impose power cuts and

rationing on industrial users and households. Low coal inventories and high coal prices have been noted as key driver of the shortage. China's power crunch could have significant spillovers to the global economy with the production of various products cut or delayed.

Meanwhile, Bank of Japan Governor Kuroda downplayed the risk of a crisis from China's real estate market. He noted it is "somewhat different" from the problem in Japan in the late 1980s and early 1990s, flagging the Chinese authorities' efforts to contain risks were unlikely to affect the entire Chinese property sector or economy.

Eurozone: Economic confidence was firm in September, edging slightly higher to 117.8. Business confidence rose to 14.1 while services confidence slipped to 15.1. The European economy is entering a period of uncertainty after a solid performance over the summer months when governments lifted most restrictions. Growth in services is slowing as the sector approaches normal levels, while material shortages and transport delays are hampering factories.

United States: US home sales beat expectations, rising 8.1% in August, following a 1.8% fall in July, reaching a seven-month high. Sales were supported by attractive pricing and additional inventory.

Fed Chair Powell reiterated recent comments, voicing cautious optimism on the outlook, noting it

is “quite positive” in the medium term but the near term outlook is clouded by uncertainty because of Delta and supply constraints. He also reinforced his expectation that the lift in inflation is mostly due to transitory factors.

Today’s key data and events:

NZ Building Permits Aug prev 2.1% (8:45am)
NZ ANZ Business Confidence Sep Final prev -6.8 (10am)
CH Non-Mfg PMI Sep exp 49.8 prev 47.5 (11am)
CH Manufacturing PMI Sep exp 50.0 prev 50.1 (11am)
AU Job Vacancies Aug prev 23.4% (11:30am)
AU Bldg Approvals Aug exp -5.0% prev -8.6% (11:30am)
AU Private Sect. Credit Aug exp 0.5% prev 0.7% (11:30am)
CH Caixin Mfg PMI Sep exp 49.5 prev 49.2 (11:45am)
UK House Prices Sep exp 0.6% prev 2.1% (4pm)
UK GDP Q2 Final exp 4.8% prev 4.8% (4pm)
EZ Unemployment Rate Aug exp 7.5% prev 7.6% (7pm)
US Initial Jobless Claims w/e 25 Sep exp 330k prev 351k (10:30pm)
US GDP Q2 exp 6.6% prev 6.6% (10:30pm)
US Core PCE Q2 exp 6.1% prev 6.1% (10:30pm)
US Chicago PMI Sep exp 65.0 prev 66.8 (11:45pm)
CH Current Account Q2 Final prev US\$52.8bn (Time TBC)

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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