

Wednesday, 31 March 2021

| Equities (close & % change) | | | Sydney Futures Exchange (close & change) | | | | | Interest rates (close & change) | | |
|--|----------|-------|--|---------|-------------|----------------------|---------|---------------------------------|-------|------|
| S&P/ASX 200 | 6,738 | -0.9% | | | Last | Overnight Chg | | Australia | | |
| US Dow Jones | 33,067 | -0.3% | 10 yr bond | 98.20 | | 0.01 | | 90 day BBSW | 0.03 | 0.00 |
| Japan Nikkei | 29,433 | 0.2% | 3 yr bond | 99.72 | | 0.01 | | 2 year bond | 0.08 | 0.01 |
| China Shanghai | 3,623 | 0.6% | 3 mth bill rate | 99.95 | | -0.01 | | 3 year bond | 0.11 | 0.01 |
| German DAX | 15,009 | 1.3% | SPI 200 | 6,766.0 | | 56 | | 3 year swap | 0.34 | 0.04 |
| UK FTSE100 | 6,772 | 0.5% | FX Last 24 hrs | Open | High | Low | Current | 10 year bond | 1.78 | 0.09 |
| Commodities (close & change)* | | | TWI | 63.9 | - | - | 64.2 | United States | | |
| CRB Index | 184.9 | -2.7 | AUD/USD | 0.7633 | 0.7664 | 0.7585 | 0.7596 | 3-month T Bill | 0.01 | 0.00 |
| Gold | 1,684.95 | -27.3 | AUD/JPY | 83.82 | 84.29 | 83.70 | 83.83 | 2 year bond | 0.15 | 0.01 |
| Copper | 8,780.00 | -94.5 | AUD/GBP | 0.5547 | 0.5562 | 0.5528 | 0.5528 | 10 year bond | 1.71 | 0.00 |
| Oil (WTI) | 60.44 | -1.1 | AUD/NZD | 1.0906 | 1.0916 | 1.0869 | 1.0877 | Other (10 year yields) | | |
| Coal (thermal) | 88.80 | 0.5 | AUD/EUR | 0.6488 | 0.6511 | 0.6474 | 0.6484 | Germany | -0.29 | 0.03 |
| Coal (coking) | 114.67 | 2.0 | AUD/CNH | 5.0186 | 5.0371 | 4.9862 | 4.9926 | Japan | 0.09 | 0.02 |
| Iron Ore | 156.61 | -1.9 | USD Index | 92.9 | 93.4 | 92.9 | 93.3 | UK | 0.82 | 0.04 |

Data as at 8:00am. Change from previous trading day (excluding the SFE which is the change during the night session). Source: Bloomberg.

Main Themes: The US dollar was stronger overnight pushing the AUD and commodities priced in USD lower.

Share Markets: US markets were softer following major selloffs by a highly leveraged hedge fund. The Dow was down 0.3%, the S&P500 fell 0.4% and the Nasdaq was down 0.1%.

European markets were firmer as economic confidence in Europe stepped up. The FTSE100 rose 0.5%, the Dax rose 1.3% and the Euro Stoxx 50 was up 1.1%.

Interest Rates: US 10-year government bond yields briefly rose to 14-month highs as the market contemplated tomorrow's outcome of President Biden's infrastructure spending announcement. Government spending upward of \$2 trillion is expected. Later in the session, yields eased back to be flat at 1.71%.

There was an upward bias in Australian markets as 10-year yields rose 9 basis points to 1.78%, still well below the spike to 1.92% seen in late February. Yields at the shorter end of the curve were little changed.

Foreign Exchange: The US dollar index rose from 92.9 to 93.3 overnight, pushing the AUD back into the US 75 cent range.

Commodities: Oil prices fell as the Suez Canal was reopened to shipping traffic and as the USD gained

ground. Copper and gold were also weaker as the USD strengthened and as copper inventories rose to their highest levels this year.

Australia: Weekly payroll jobs rose 0.2% between 14th March 2020, when the pandemic began, and the week ending 13th March 2021. In other words, the number of payroll jobs in Australia is now marginally larger than a year ago. Wages paid have risen 1.4% over the same period.

Europe: Consumer confidence in the eurozone remains weak and well below pre-pandemic levels. The March reading of the European Commission's index came in at negative 10.8. The February reading was negative 14.8, suggesting some lift in confidence during the month. During 2019, the index hovered around negative 6.5. The highest reading over the past two decades has been negative 2.6, in February 2017.

Economic confidence in the eurozone has turned positive. The March reading of 101.0 was the first positive reading since February 2020, when the pandemic began. It appears economic confidence does not translate easily into consumer confidence.

New Zealand: In February, building consents or approvals fell for the first time in seven months. The 18.2% decline was driven by a fall in unit developments. Stand-alone house approvals rose 1.8% in the month and are running at close to historically high levels, thus providing a foundation

for solid economic activity.

United States: House prices in the US continue to rise. The Federal Housing Finance Agency's (FHFA) house price index rose 1.0% in January, the eighth straight monthly increase. By this measure house prices are up 12.0% over the past twelve months.

CoreLogic's measure of house prices in 20 major US cities, rose 1.2% in January to be up 11.1% over the year.

Consumer confidence in the US is buoyant, with the Conference Board's index rising to 109.7 in March, up from 90.4 in February. The result was the strongest monthly increase in almost 18 years and far exceeded market expectations. Vaccinations, fiscal stimulus and improved employment prospects sat behind the solid rise in consumer sentiment.

Today's key data and events:

AU Private Sector Credit Feb exp 0.3% prev 0.2% (11:30am)
AU Building Approvals Feb exp -3.0% prev -19.4% (11:30am)
CH Non-manufact PMI Mar exp 52.0 prev 51.4 (12:00pm)
CH Manufacturing PMI Mar exp 51.2 prev 50.6 (12:00pm)
EZ CPI Mar y/y exp 1.4% prev 0.9% (8:00pm)
UK GDP Q4 final exp exp 1.0% prev 1.0% (5:00pm)
US ADP Employ Change Mar exp 550k pre 117k (11:15pm)
US Chicago PMI Mar exp 61.0 pre 59.5 (12:45am)
US Pending Home Sales Feb exp -3.0% prev -2.8% (1:00am)

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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