

# Morning Report

Friday, 22 October 2021



Equities (close & % change)			Sydney Futures Exchange (close & change)					Interest rates (close & change)		
S&P/ASX 200	7,415	0.0%			<b>Last</b>	<b>Overnight Chg</b>		<b>Australia</b>		
US Dow Jones	35,603	0.0%	10 yr bond	98.16			-0.03	90 day BBSW	0.04	0.00
Japan Nikkei	28,709	-1.9%	3 yr bond	99.05			-0.03	2 year bond	0.17	0.02
China Shanghai	3,767	0.2%	3 mth bill rate	99.91			0.00	3 year bond	0.72	-0.04
German DAX	15,473	-0.3%	SPI 200	7,389.0			2	3 year swap	0.93	0.00
UK FTSE100	7,190	-0.5%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	1.79	-0.02
<b>Commodities (close &amp; change)*</b>			TWI	62.8	-	-	62.8	<b>United States</b>		
CRB Index	236.6	0.0	AUD/USD	0.7518	0.7546	0.7459	0.7467	3-month T Bill	0.05	-0.01
Gold	1,782.90	0.8	AUD/JPY	85.93	86.26	84.89	85.13	2 year bond	0.45	0.07
Copper	10,271.25	63.8	AUD/GBP	0.5440	0.5457	0.5412	0.5414	10 year bond	1.70	0.04
Oil (WTI)	82.59	-0.8	AUD/NZD	1.0440	1.0465	1.0424	1.0436	<b>Other (10 year yields)</b>		
Coal (thermal)	160.50	-32.5	AUD/EUR	0.6452	0.6469	0.6415	0.6424	Germany	-0.10	0.02
Coal (coking)	393.33	0.7	AUD/CNH	4.8078	4.8189	4.7712	4.7744	Japan	0.09	0.00
Iron Ore	117.20	0.7	USD Index	93.6	93.8	93.5	93.8	UK	1.20	0.05

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

**Main Themes:** US equities inched higher and bond yields rose as investors weighed mixed corporate earnings against growing expectations the Federal Reserve may tighten policy sooner than expected.

**Share Markets:** The S&P500 edged up 0.3% to a new record high while the Dow finished little changed. The ASX 200 close unchanged.

**Interest Rates:** The US 10-year treasury yield rose 4 basis points to 1.70% while the 2-year treasury yield increased 7 basis points to 0.45%, its highest level in more than a year.

The Australian 10-year and 2-year (futures) yields rose 3 basis points to 1.85% and 0.96% respectively.

**Foreign Exchange:** The AUD/USD pair fell from a four-month high of 0.7546 to 0.7467 while the US dollar strengthened.

**Commodities:** Oil slid lower while copper firmed. Gold was largely unchanged.

**COVID-19:** NSW recorded 372 new cases and one death yesterday. The ACT recorded 28 new cases and Queensland recorded one new case. Victoria recorded 2,232 new cases and 12 deaths yesterday and its lockdown came to an end with trailing restrictions still in place.

**Australia:** Payroll jobs rose 0.2% in the fortnight to 25 September, following a 0.6% fall in the previous fortnight. Across the country, NSW and the ACT posted the largest increases in payroll (up 0.9%

each), followed by South Australia (up 0.2%). Both NSW and the ACT were in lockdown during this period. Other regions were mixed. Payrolls in Victoria and WA were flat (0.0%), whilst payroll jobs fell in Tasmania (-0.9%) and Queensland (-0.3%).

**Eurozone:** Consumer confidence slipped to -4.8 in October, from -4.0 in September.

**New Zealand:** Credit card spending fell 3.3% in September, following a revised 15.8% fall in August. Over the year to September, credit card spending fell 12.9%.

**United States:** Initial jobless claims fell for the third consecutive week to 290k last week, the lowest since March 2020, beating expectations. Continuing claims also fell to 2481k from 2603k.

The Philadelphia Fed business survey fell to 23.8, from 30.7, in October. Sentiment remains elevated as factories scramble to rebuild inventories. The survey also showed supplier delivery times lengthened, adding to expectations that industrial bottlenecks are still some way from being resolved.

The leading index rose 0.2% in September to a record high, although the result was slightly below consensus expectations.

Existing home sales jumped 7.0% in September, the highest since September 2020, to 6.29 million. A slight easing in dwelling price growth and lower mortgage rates boosted demand. Sales have been choppy this year amid record high prices, low

inventories and the shift to the suburbs underpinned by the pandemic.

Federal Open Markets Committee member Waller said inflation risks are to the upside, noting the Fed may need to tighten more aggressively than previously expected. He flagged that the next few months will be critical for his inflation views.

**Today's key data and events:**

UK GfK Cons. Confidence Oct exp -16 prev -13 (10:01am)

JN CPI Sep y/y exp 0.2% prev -0.4% (10:30am)

UK Retail Sales Sep exp 0.6% prev -0.9% (5pm)

EZ Markit Mfg PMI P. Oct exp 57.1 prev 58.6 (7pm)

EZ Markit Services PMI P. Oct exp 55.4 prev 56.4 (7pm)

UK Markit Mfg PMI P. Oct exp 56.0 prev 57.1 (7:30pm)

UK Markit Serv. PMI P. Oct exp 54.5 prev 55.4 (7:30pm)

US Markit Mfg PMI P. Oct exp 60.5 prev 60.7 (12:45am)

US Markit Serv. PMI P. Oct exp 55.2 prev 54.9 (12:45am)

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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