

# Morning Report

Friday, 9 June 2023

Equities (close & % change)			Sydney Futures Exchange (last & change)					Interest rates (close & change)			
S&P/ASX 200	7,100	-0.3%			<b>Last</b>	<b>Overnight Chg</b>		<b>Australia</b>			
US Dow Jones	33,834	0.5%	10 yr bond		3.97	-0.05		90 day BBSW	4.20	0.02	
Japan Nikkei	31,641	-0.9%	3 yr bond		3.85	-0.03		2 year bond	4.05	0.16	
China Shanghai	3,369	0.5%	3 mth bill rate		4.53	-0.02		3 year bond	3.87	0.17	
German DAX	15,990	0.2%	SPI 200		7,133.0	29		3 year swap	4.15	0.01	
UK FTSE100	7,600	-0.3%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	4.01	0.18	
Commodities (close & change)*			TWI		61.5	-	-	61.5	<b>United States</b>		
CRB Index	262.3	0.9	AUD/USD		0.6655	0.6718	0.6652	0.6713	3-month T Bill	5.09	-0.06
Gold	1,965.46	25.4	AUD/JPY		93.23	93.45	92.98	93.24	2 year bond	4.51	-0.04
Copper	8,341.00	47.9	AUD/GBP		0.5349	0.5367	0.5341	0.5346	10 year bond	3.72	-0.08
Oil (WTI futures)	71.29	-1.2	AUD/NZD		1.1020	1.1030	1.0995	1.1019	<b>Other (10 year yields)</b>		
Coal (thermal)	147.75	2.9	AUD/EUR		0.6220	0.6243	0.6215	0.6226	Germany	2.40	-0.05
Coal (coking)	228.00	-1.0	AUD/CNH		4.7564	4.7822	4.7541	4.7795	Japan	0.44	0.01
Iron Ore	111.40	1.1	USD Index		104.06	104.07	103.30	103.32	UK	4.23	-0.02

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

**Main Themes:** US initial jobless claims rose by more than expected, driving bond yields lower and US equities higher.

**Share Markets:** US share markets rallied overnight, underpinned by the jobs result. The S&P 500 rose 0.6%, taking the increase since the October 2022 low to 20% - one possible signal of the start of a bull market. The Dow rose 0.5% and the Nasdaq 1.0%.

**Interest Rates:** US treasury yields fell after rising sharply in the previous session when the Bank of Canada unexpectedly hiked rates. The pull back in yields overnight follows a rise in initial jobless claims. The US 2-year yield fell 4 basis points and the 10-year yield dropped 8 basis points.

**Foreign Exchange:** The mini rally in the AUD/USD stayed intact overnight. The AUD/USD rose to a fresh 1-month high of 0.6718 overnight, moving higher through the European session and then getting a boost from the weaker-than-expected US jobs data in the New York session. The AUD/USD is currently trading near resistance at around 0.6720. The next resistance level sits at around 0.6815. A sustained break above 0.6815 could be a signal that there is underlying strength emerging for the AUD/USD pair. A test may be the Chinese inflation data out later today. Data elsewhere is thin on the ground.

**Commodities:** The West Texas Intermediate futures

price of oil trimmed losses after the US Biden administration denied a report that the US and Iran were nearing an interim deal under which Iran would curb its nuclear program in return for sanctions relief. Any agreement could allow more Iranian crude into the global market.

**Australia:** The monthly trade surplus narrowed to \$11.2 billion in April, from \$14.8 billion in March. Australia has posted monthly trade surpluses since January 2018. The surplus in April remains healthy. Exports fell 5%, as exports of iron ore and other metals declined and imports advanced. Meanwhile, imports rose 2% in the month.

**United States:** Household net worth climbed by \$3 trillion to \$148.8 trillion in the first quarter after increasing \$1.6 trillion in the prior period. The value of equity holdings gained about \$2.4 trillion last quarter, while the value of real estate fell roughly \$617 billion.

Filings for initial jobless claims jumped to the highest since October 2021, by 28,000 to 261,000 in the latest week. The increase was the biggest since July 2021 and exceeded all forecasts.

*Please see over page for today's key data and events.*

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

CH CPI May y/y exp 0.2% prev 0.1% (11:30am)

CH PPI May y/y exp -4.3% prev -3.6% (11:30am)

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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