

Morning Report

Thursday, 14 March 2024

Equities (close & % change)			Sydney Futures Exchange (last & change)					Interest rates (close & change)		
S&P/ASX 200	7,729	0.2%			Last	Overnight Chg		Australia		
US Dow Jones	39,043	0.1%	10 yr bond	4.07		0.04		90 day BBSW	4.35	0.00
Japan Nikkei	38,696	-0.3%	3 yr bond	3.68		0.03		2 year bond	3.77	0.06
China Shanghai	3,191	-0.4%	3 mth bill rate	4.25		0.01		3 year bond	3.65	0.06
German DAX	17,961	0.0%	SPI 200	7,759.0		22		3 year swap	3.87	0.02
UK FTSE100	7,772	0.3%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	4.02	0.07
Commodities (close & change)			TWI	61.5	-	-	61.5	United States		
CRB Index	281.1	2.8	AUD/USD	0.6606	0.6635	0.6600	0.6621	3-month T Bill	5.24	0.00
Gold	2,174.70	16.4	AUD/JPY	97.55	97.96	97.25	97.85	2 year bond	4.63	0.04
Copper	8,840.01	269.8	AUD/GBP	0.5164	0.5180	0.5159	0.5175	10 year bond	4.19	0.04
Oil (WTI futures)	79.61	2.1	AUD/NZD	1.0740	1.0759	1.0722	1.0758	Other (10 year yields)		
Coal (thermal)	130.90	0.5	AUD/EUR	0.6044	0.6056	0.6040	0.6048	Germany	2.37	0.04
Coal (coking)	288.00	-0.5	AUD/CNH	4.7475	4.7706	4.7451	4.7620	Japan	0.77	0.00
Iron Ore	105.95	0.4	USD Index	102.93	103.02	102.67	102.81	UK	4.02	0.08

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

Main Themes: Markets mostly consolidated recent moves given a lack of top tier economic data. US equities were broadly lower, treasury yields rose across the curve and the US dollar softened.

Share Markets: US equities struggled to gather traction as investors continue to assess whether earnings can sustain current valuations. The S&P 500 edged down 0.2% and the NASDAQ fell 0.5%. The Dow Jones bucked the trend, eking out a 0.1% gain.

The ASX 200 rose 0.2% yesterday and futures traded modestly higher overnight.

Interest Rates: Treasury yields were higher across the curve despite strong demand for a 30-year bond auction. The 2-and-10-year yields rose 4 basis points to 4.63% and 4.19%, respectively.

Traders have pared the odds of a Fed rate cut in recent sessions. Swaps are pricing in around a 70% chance of a hike at the June meeting, a cut was almost fully priced before US inflation data earlier this week.

Aussie bond futures were sold off overnight, carrying momentum from physical trade yesterday. The 3-year futures yield rose 3 basis points to 3.68%, while the 10-year futures yield rose 4 basis points to 4.07%.

Interest rate markets are fully pricing an RBA rate cut by September and have two 25-basis point cuts

priced in by the end of the year.

Foreign Exchange: The US dollar slid against every G-10 pair save the Japanese Yen and the Swiss Franc. The DXY index fell from a high of 103.02 to a low of 102.67 and is currently trading around 102.81.

The Aussie dollar outperformed, bouncing off a low of 0.6600 before running into sellers at 0.6635. Short term resistance for the AUD/USD remains around the 0.6635-40 level, which the pair has tested and failed twice in the last two sessions. A lack of domestic data means near-term price action will largely hinge on US retail and inflation data tonight.

The Aussie jumped to a 6-week high of 1.0759 against the NZD and has rallied almost a full two cents against the Kiwi since troughing in late February.

Commodities: Oil gained on reports that US crude stockpiles fell for the first time in seven weeks, shrinking by 1.54 million barrels last week. The West Texas Intermediate (WTI) price of oil jumped around 2.8% to US\$79.61.

Australia: There were no major economic data releases yesterday.

Eurozone: Industrial production underwhelmed in January sliding 3.2% in the month to be 6.7% lower than a year ago. The overall level of production was

at its lowest level since 2020. The data highlights the pressure on Europe's industrial base, particularly Germany – its largest economy, from slowing global demand and weak activity in China.

Today's key data and events:

NZ Net Migration Jan prev 7.3k (8:45am)

US Retail Sales Feb exp 0.8% prev -0.8% (11:30pm)

US PPI Final Feb y/y exp 0.3% prev 0.3% (11:30pm)

US Business Inventories Jan exp 0.2% prev 0.4% (1am)

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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