

Morning Report

Monday, 19 June 2023

Equities (close & % change)			Sydney Futures Exchange (last & change)					Interest rates (close & change)		
S&P/ASX 200	7,251	1.1%			Last	Overnight Chg		Australia		
US Dow Jones	34,299	-0.3%	10 yr bond	4.02				90 day BBSW	4.30	0.07
Japan Nikkei	33,706	0.7%	3 yr bond	3.97				2 year bond	4.20	0.00
China Shanghai	3,431	0.6%	3 mth bill rate	4.68				3 year bond	4.02	0.00
German DAX	16,358	0.4%	SPI 200	7,226.0				3 year swap	4.32	0.01
UK FTSE100	7,643	0.2%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	4.02	-0.01
Commodities (close & change)*			TWI	62.8	-	-	62.8	United States		
CRB Index	270.9	4.0	AUD/USD	0.6881	0.6900	0.6855	0.6879	3-month T Bill	5.07	0.00
Gold	1,957.98	0.0	AUD/JPY	96.53	97.65	96.24	97.55	2 year bond	4.71	0.07
Copper	8,555.75	-1.3	AUD/GBP	0.5383	0.5390	0.5349	0.5363	10 year bond	3.76	0.04
Oil (WTI futures)	71.41	-0.4	AUD/NZD	1.1035	1.1056	1.1010	1.1035	Other (10 year yields)		
Coal (thermal)	135.65	-6.3	AUD/EUR	0.6288	0.6297	0.6268	0.6288	Germany	2.47	-0.03
Coal (coking)	227.00	0.3	AUD/CNH	4.9009	4.9121	4.8822	4.9040	Japan	0.41	-0.02
Iron Ore	114.00	0.5	USD Index	102.13	102.43	102.01	102.30	UK	4.41	0.03

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

Main Themes: A slew of Fed speakers dominated market action ahead of a US holiday.

Share Markets: US share markets ended lower ahead of the Federal holiday in the US and a large volume of options expirations. The Dow ended 0.3% lower, the S&P 500 finished 0.4% weaker and the Nasdaq closed down 0.7%.

Interest Rates: US 2-year treasury yields rose from 4.67% to 4.71% via 4.77%, while the 10-year yield rose from 3.73% to 3.76% via 3.80%. Interest-rate markets currently price the Fed funds rate, currently 5.125% (mid), to be 20 basis points higher at the next meeting on 27 July.

Foreign Exchange: The AUD held onto its gains from the Thursday session on Friday night, trading a narrow range of between 0.6855 and a 4-month high of 0.6900.

Commodities: Oil ended lower on Friday.

Australia: There was no major data published on Friday.

United States: The University of Michigan's consumer sentiment index rose to 63.9 in June, from 59.2 in May. The outcome was higher than consensus expected (of 60.0). The one-year-ahead inflation expectations measure fell from 4.2% to 3.3% and the 5-10-year-ahead measure fell 0.1 percentage points to 3.1%.

Federal Reserve member Barkin said inflation

remains too high and stubbornly persistent, and he is comfortable with more tightening if necessary. He reiterated the lesson of the 70s: "if you back off inflation too soon, inflation comes back stronger, requiring the Fed to do even more, with even more damage." He added that is not a risk he wants to take.

Christopher Waller said he is not sure whether the recent bank turmoil intensified credit tightening. He also said inflation is not declining as quickly as he had expected and is concerned that core inflation has stalled.

Chicago Fed President Goolsbee said the central bank needed to pause interest-rate rises to be able to better assess conflicting economic data.

Today's key data and events:

NZ Perf. Services Index May exp 53.3 prev 50.1 (8:30am)
 UK Rightmove House Prices Jun prev 1.8% (9:01am)
 US Federal Holiday

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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