

Morning Report

Tuesday, 23 April 2024

Equities (close & % change)			Sydney Futures Exchange (last & change)					Interest rates (close & change)			
S&P/ASX 200	7,649	1.1%			Last	Overnight Chg		Australia			
US Dow Jones	38,240	0.7%	10 yr bond		4.31	-0.02		90 day BBSW	4.37	0.00	
Japan Nikkei	37,439	1.0%	3 yr bond		3.86	-0.01		2 year bond	3.93	0.05	
China Shanghai	3,192	-0.7%	3 mth bill rate		4.34	0.01		3 year bond	3.89	0.06	
German DAX	17,861	0.7%	SPI 200		7,693.0	19		3 year swap	4.07	0.00	
UK FTSE100	8,024	1.6%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	4.32	0.06	
Commodities (close & change)			TWI		60.9	-	-	60.9	United States		
CRB Index	298.1	0.0	AUD/USD		0.6419	0.6455	0.6414	0.6450	3-month T Bill	5.24	-0.01
Gold	2,327.30	-64.6	AUD/JPY		99.19	99.91	99.17	99.84	2 year bond	4.97	-0.01
Copper	9,819.74	143.7	AUD/GBP		0.5188	0.5230	0.5187	0.5222	10 year bond	4.61	-0.01
Oil (WTI futures)	82.04	-0.8	AUD/NZD		1.0894	1.0906	1.0879	1.0897	Other (10 year yields)		
Coal (thermal)	138.00	-3.8	AUD/EUR		0.6024	0.6055	0.6020	0.6055	Germany	2.49	-0.01
Coal (coking)	250.00	-21.0	AUD/CNH		4.6551	4.6798	4.6518	4.6761	Japan	0.89	0.04
Iron Ore	115.30	-0.8	USD Index		106.09	106.40	105.98	106.13	UK	4.21	-0.03

Data as at 8:30am AEST. Change is from the previous trading day (excluding the SFE, which is the change during the night session). Source: Bloomberg.

Main Themes: Investors re-engaged with risky assets overnight as risk sentiment improved amid an environment of easing tensions in the Middle East and a lack of top-tier economic data. Equity markets were higher, bond yields declined, and the Aussie gained ground against the US dollar. Oil and gold also pulled back in the risk-on tone as concerns around the Middle East eased.

Share Markets: It was a sea of green across global equity markets overnight as investors jumped back into stocks ahead of key earnings out of the US this week. The S&P 500 ended a run of six consecutive losses to jump 0.9% on the day. The Nasdaq was up 1.1% and the Dow Jones gained 0.7%. European markets also headed higher ahead of the US session. The Euro Stoxx 50 gained 0.4%, the FTSE 100 rose 1.6%, and the DAX was 0.7% higher.

The ASX 200 rose 1.1% yesterday. 10 of 11 sectors were higher on the day, with all of those 10 sectors rising by almost 1% or more on the day. Health care, communication services, IT, and industrials were all over 1.5% higher. Energy was the only loser during the session, down 1.5%. Futures are pointing to a positive open today.

Interest Rates: Bond yields were lower overnight as bonds traded in a narrow range. The 2-year and 10-year treasury yields both fell 1 basis point, to 4.97% and 4.61%, respectively. Interest-rate markets are fully pricing the first Fed rate cut in November and

have 40 basis points of cuts priced for 2024.

Australian bond yields mimicked moves in the US. The 3-year government bond yield (futures) fell 1 basis point, to 3.86%. The 10-year (futures) yield was down 2 basis points, at 4.31%. Interest-rate markets are attaching a 95% probability of a cut from the RBA by December.

Foreign Exchange: The US dollar was broadly steady against major currencies. The USD Index ranged between a low of 105.98 and a high of 106.40. It was trading at 106.13 at the time of writing, not far from the 106.09 open.

The AUD/USD pair rose in an environment of improved risk sentiment. The pair rose from a low of 0.6414 to a high of 0.6455 and was at 0.6450 at the time of writing.

Commodities: Oil eased as there were no escalations of tensions in the Middle East. Gold was also down from reduced safe haven demand. Coal and iron ore also fell, while copper was higher.

Australia: There were no major economic data releases yesterday.

Eurozone: Consumer confidence rose marginally in April to the highest level since early 2022. However, it remains weak and was slightly below expectations. Confidence rose to -14.7 in April, up from -14.9 in March. Consensus expectations centred on an improvement to -14.5.

United Kingdom: House prices rose 1.1% in April, following a gain of 1.5% in March. In annual terms, prices were 1.7% higher in the 12 months to April. This followed gains of 0.8% in the 12 months to March. The monthly rise means that house prices have increased for four consecutive months.

Prices in London grew at a faster rate than the rest of the UK – up 1.4% in monthly and 2.8% in annual terms. Average property prices rose to £696k in London and £372k across the UK.

United States: The Chicago Fed national activity index rose to 0.15 in March. This followed an upwardly revised 0.09 reading in February. The result was stronger than the 0.07 expected by consensus. The index is a combination of 85 different economic indicators and a reading below zero suggests that growth will be below trend. 50 indicators made positive contributions, while 35 made negative contributions. Production-related indicators added 0.11 to the total outcome for the month.

Today's key data and events:

EZ Markit Services PMI Apr exp 51.8 prev 51.5 (6pm)
EZ Markit Mfg PMI Apr exp 46.5 prev 46.1 (6pm)
UK Public Sector Borrowing Mar exp £8.8b prev £7.5b (4pm)
UK Markit Mfg PMI Apr exp 50.4 prev 50.3 (6:30pm)
UK Markit/CIPS Services PMI Apr exp 53.0 prev 53.1 (6:30pm)
US Markit Mfg PMI Apr exp 52.0 prev 51.9 (11:45pm)
US Markit Services PMI Apr exp 52.0 prev 51.7 (11:45pm)
US New Home Sales Mar exp 1.2% prev -0.3% (12am)
US Richmond Fed index Apr exp -8 prev -11 (12am)

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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