

Morning Report

Monday, 25 March 2024

Equities (close & % change)			Sydney Futures Exchange (last & change)					Interest rates (close & change)		
S&P/ASX 200	7,771	-0.1%			Last	Overnight Chg		Australia		
US Dow Jones	39,476	-0.8%	10 yr bond	4.01	-0.04	90 day BBSW	4.35	0.00		
Japan Nikkei	40,888	0.2%	3 yr bond	3.59	-0.03	2 year bond	3.79	-0.03		
China Shanghai	3,195	-0.9%	3 mth bill rate	4.27	0.00	3 year bond	3.66	-0.03		
German DAX	18,206	0.1%	SPI 200	7,829.0	7	3 year swap	3.83	-0.01		
UK FTSE100	7,931	0.6%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	4.00	-0.04
Commodities (close & change)			TWI	62.0	-	-	62.0	United States		
CRB Index	285.8	-0.8	AUD/USD	0.6570	0.6577	0.6510	0.6516	3-month T Bill	5.21	-0.03
Gold	2,165.44	-15.9	AUD/JPY	99.62	99.71	98.52	98.66	2 year bond	4.59	-0.05
Copper	8,791.02	-84.5	AUD/GBP	0.5191	0.5193	0.5160	0.5171	10 year bond	4.20	-0.07
Oil (WTI futures)	80.63	-0.4	AUD/NZD	1.0869	1.0884	1.0835	1.0854	Other (10 year yields)		
Coal (thermal)	125.85	-0.2	AUD/EUR	0.6051	0.6053	0.6017	0.6029	Germany	2.32	-0.08
Coal (coking)	276.00	0.0	AUD/CNH	4.7447	4.7503	4.7287	4.7409	Japan	0.74	0.00
Iron Ore	108.25	0.1	USD Index	104.01	104.50	103.92	104.43	UK	3.93	-0.07

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

Main Themes: A terrorist attack on Friday night in Moscow spurred some safe-haven flows into government bonds and underpinned a stronger US dollar, as geopolitical risks came to the fore again.

Share Markets: US share markets finished mixed. The blue-chip bellwether, Dow, finished 0.8% lower. The S&P 500 index also ended weaker, down 0.1%. Meanwhile, the tech-laden Nasdaq continued to march higher, finishing 0.2% firmer on Friday.

Interest Rates: US government bond yields fell on Friday trade, as a terrorist attack in Russia saw some safe-haven buying of government bonds late in the New York trading session (i.e. yields fell). It was the worst terrorist attack in Russia in more than two decades. The US 2-year yield closed 3=5 basis points weaker to 3.59% and the 10-year yield ended 7 basis points softer to 4.70%.

Foreign Exchange: The US dollar index appreciated in Friday night trading, but the AUD/USD was listless. The AUD/USD pair traded in an incredibly tight trading range of just 7 pips. There's a risk of some safe-haven support might flow to the USD today and put some modest downward pressure on the AUD/USD.

Commodities: Key commodity prices fell in Friday night trade, including gold and oil.

Australia: The Reserve Bank's Financial Stability Review, a bi-annual statement, was released on Friday. The report said that Most Australian

households and businesses remain able to service their debt and meet essential expenses, but that conditions will remain challenging for many households and businesses in Australia this year. The strong financial starting position of many businesses is expected to help limit risks to financial stability. The review noted that conditions remain challenging in domestic the commercial real estate (CRE) market (in particular, office) markets, though there is little evidence to date of financial stress among owners of Australian CRE. Overall, the review said risks to the financial system from lending to households and businesses remain contained based on the current economic outlook.

Europe: Germany's IFO index rose to 87.8 in March, from 85.7 in February. The result was higher than consensus forecasts of 86.0.

The European Central Bank's Holzmann suggested that inflation risks remain in the euro area economy. His colleague, Nagel, suggested concerns over wages.

Japan: The annual inflation rate rose 0.6 percentage points to 2.8% in February. The outcome was well ahead of consensus forecasts (2.1%) and comes after the Bank of Japan lifted the cash rate for the first time in 17 years (ending negative interest rate policy).

United States: Several Fed members, including the Chair, spoke on Friday. Monetary policy, however,

was not discussed.

Today's key data and events:

US Chicago Fed National Index Feb exp -0.34 prev -0.30
(11:30am)

US New Home Sales Feb exp 675k prev 661k (1am)

US Dallas Fed Mfg Index Mar exp -11.5 prev -11.3
(1:30am)

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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