

Morning Report

Tuesday, 22 August 2023



Equities (close & % change)			Sydney Futures Exchange (last & change)					Interest rates (close & change)		
S&P/ASX 200	7,115	-0.5%			Last	Overnight Chg		Australia		
US Dow Jones	34,464	-0.1%	10 yr bond	4.29		0.03	90 day BBSW	4.14	-0.01	
Japan Nikkei	31,566	0.4%	3 yr bond	3.92		0.02	2 year bond	3.93	0.01	
China Shanghai	3,242	-1.2%	3 mth bill rate	4.17		0.01	3 year bond	3.90	0.01	
German DAX	15,603	0.2%	SPI 200	7,079.0		17	3 year swap	4.18	0.01	
UK FTSE100	7,258	-0.1%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	4.26	0.03
Commodities (close & change)*			TWI	59.9	-	-	59.9	United States		
CRB Index	274.7	-0.7	AUD/USD	0.6406	0.6421	0.6387	0.6414	3-month T Bill	5.28	0.00
Gold	1,894.93	5.6	AUD/JPY	93.15	93.91	92.84	93.79	2 year bond	5.00	0.06
Copper	8,270.50	26.8	AUD/GBP	0.5030	0.5039	0.5018	0.5028	10 year bond	4.34	0.08
Oil (WTI futures)	80.72	-0.5	AUD/NZD	1.0808	1.0842	1.0806	1.0821	Other (10 year yields)		
Coal (thermal)	162.00	1.3	AUD/EUR	0.5891	0.5899	0.5869	0.5887	Germany	2.70	0.08
Coal (coking)	255.00	0.0	AUD/CNH	4.6799	4.6960	4.6586	4.6741	Japan	0.65	0.01
Iron Ore	107.90	0.5	USD Index	103.39	103.50	103.14	103.34	UK	4.73	0.05

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 bond yields rose ahead of the US Jackson Hole event on Friday where US Federal Reserve Jerome Powell is scheduled to speak.

Share Markets: US share markets rallied, led by large technology stocks. The Nasdaq spiked 1.6% and the S&P 500 rose 0.7%. However, the Dow slid 0.1%.

Interest Rates: US bonds resumed their sell off with the US 2-year bond yield rising 6 basis points and the 10-year yield lifting 8 basis points. The yield on the 10-year inflation-protected bond rose above 2% for the first time since 2009. Resilience in the US economy is suggesting rates will be higher for longer. Worries over the size of the US fiscal deficit is also contributing to higher yields. Markets are attaching a 12% chance of a rate hike from the Fed next month.

Foreign Exchange: The AUD/USD continues to display price action consistent with a consolidation phase after falling from 0.6616 on August 10 to a near 8-month low of 0.6365 on August 17. There is no key local data today, so the AUD's direction will continue to be steered by USD developments.

Commodities: Oil edged lower but base metal prices were higher overnight.

Australia: There were no major data releases yesterday.

United States: US Federal Reserve officials are not

as unified as they used to be about interest rates, a San Francisco Fed study shows. Disagreement increased in the first two quarters of 2023 after being nearly non-existent early in the pandemic.

Today's key data and events:

- EZ Current Account Jun prev £9.1bn (6pm)
- UK CBI Trends Survey (8pm)
- US Philadelphia Fed Survey Aug prev 1.4 (10:30pm)
- US Existing Home Sales exp prev (12am)
- US Richmond Fed Index prev (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.

Besa Deda, Chief Economist

Ph: +61 404 844 817

Contact Listing

Chief Economist

Besa Deda
dedab@stgeorge.com.au
+61 404 844 817

Senior Economist

Jarek Kowcza
jarek.kowcza@stgeorge.com.au
+ 61 481 476 436

Senior Economist

Pat Bustamante
pat.bustamante@stgeorge.com.au
+61 468 571 786

Economist

Jameson Coombs
jameson.coombs@stgeorge.com.au
+61 401 102 789

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