

Morning Report

Wednesday, 23 August 2023



Equities (close & % change)			Sydney Futures Exchange (last & change)					Interest rates (close & change)		
S&P/ASX 200	7,122	0.1%			Last	Overnight Chg		Australia		
US Dow Jones	34,289	-0.5%	10 yr bond	4.26				90 day BBSW	4.14	0.00
Japan Nikkei	31,857	0.9%	3 yr bond	3.91				2 year bond	3.93	0.00
China Shanghai	3,271	0.9%	3 mth bill rate	4.16				3 year bond	3.91	0.01
German DAX	15,706	0.7%	SPI 200	7,059.0				3 year swap	4.14	-0.03
UK FTSE100	7,271	0.2%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	4.27	0.01
Commodities (close & change)*			TWI	59.9	-	-	59.9	United States		
CRB Index	274.0	-0.8	AUD/USD	0.6414	0.6458	0.6404	0.6423	3-month T Bill	5.26	0.00
Gold	1,897.48	2.5	AUD/JPY	93.79	94.06	93.51	93.69	2 year bond	5.05	0.05
Copper	8,363.70	93.2	AUD/GBP	0.5028	0.5056	0.5019	0.5045	10 year bond	4.32	-0.01
Oil (WTI futures)	80.35	-0.4	AUD/NZD	1.0822	1.0826	1.0795	1.0804	Other (10 year yields)		
Coal (thermal)	164.75	2.8	AUD/EUR	0.5887	0.5928	0.5875	0.5921	Germany	2.65	-0.06
Coal (coking)	257.50	2.5	AUD/CNH	4.6742	4.7161	4.6650	4.6925	Japan	0.67	0.02
Iron Ore	110.80	0.1	USD Index	103.29	103.72	103.01	103.60	UK	4.65	-0.08

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 share markets pulled back, shorter dated US yields continued to push higher and the AUD/USD remained in a consolidative phase. Markets are awaiting key speeches at the Jackson Hole event later this week.

Share Markets: US share markets pulled back with the S&P 500 and Dow falling by 0.3% and 0.5%, respectively. The Nasdaq, however, gained 0.1% following on from a strong rise in the previous trading session.

Interest Rates: Yields at shorter end of the US yield curve continued to rise overnight, as the theme of higher rates for longer deepened. The US 10-year yield edged lower after spiking in the previous trading session and reaching a high overnight of 4.34% - this level was last recorded in 2007.

Foreign Exchange: The AUD/USD gained some modest ground overnight, rising to a high of 0.6458. However, the AUD/USD pair remains in a consolidative phase after falling to a low of 0.6365 on August 17. The FX market is waiting on key speeches from officials such as Fed Chair Powell at the Jackson Hole event later this week.

Commodities: The price of West Texas Intermediate oil fell in thin trading and news that Iran expects to boost output to 3.4 million barrels per day by the end of summer.

Australia: There were no major data releases.

United States: Existing home sales fell 2.2% in July to a 4.07 million annualised pace, constrained by a lack of inventory and higher rates.

The Richmond Fed manufacturing index recorded a modest increase to minus 7 in August, from minus 9 previously.

Richmond Federal Reserve President Thomas Barkin warned that the Fed could lose credibility if it were to consider changing its inflation target. Barkin said "it's not like 2% is some magical unicorn of a number that we could never hit."

Today's key data and events:

NZ Retail Sales Volumes Q2 prev -1.4% (8:45am)
 EZ Mfg, Services and Composite PMIs Aug (6pm)
 UK Mfg, Services and Composite PMIs Aug (6:30pm)
 US Mfg PMI Aug exp 49.0 prev 49.0 (11:45pm)
 US Services PMI Aug exp 52.2 prev 52.3 (11:45pm)
 US Composite PMI Aug exp 51.5 prev 52.0 (11:45pm)
 US New Home Sales Aug exp 704k prev 697k (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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