Friday, 8 September 2023

Equities (close & % change)			Sydney Futures Exchange (last & change)					Interest rates (close & change)		
S&P/ASX 200	7,171	-1.2%		Last		Overnight Chg		Australia		
US Dow Jones	34,501	0.2%	10 yr bond	4.12		-0.03		90 day BBSW	4.12	0.00
Japan Nikkei	32,991	-0.8%	3 yr bond	3.81		-0.03		2 year bond	3.85	-0.02
China Shanghai	3,274	-1.1%	3 mth bill rate	4.26		0.00		3 year bond	3.82	-0.03
German DAX	15,719	-0.1%	SPI 200	7,168.0		7		3 year swap	4.05	0.00
UK FTSE100	7,442	0.2%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	4.12	-0.04
Commodities (close & change)*			TWI	60.1	-	-	60.1	**United States**		
CRB Index	283.8	-1.0	AUD/USD	0.6382	0.6395	0.6362	0.6378	3-month T Bill	5.28	-0.03
Gold	1,919.68	3.1	AUD/JPY	94.22	94.32	93.71	93.94	2 year bond	4.95	-0.07
Copper	8,321.25	-53.0	AUD/GBP	0.5104	0.5130	0.5092	0.5114	10 year bond	4.24	-0.04
Oil (WTI futures)	86.74	-0.1	AUD/NZD	1.0872	1.0876	1.0839	1.0852	**Other (10 year yields)**		
Coal (thermal)	166.95	-2.2	AUD/EUR	0.5951	0.5977	0.5935	0.5962	Germany	2.61	-0.04
Coal (coking)	276.33	3.0	AUD/CNH	4.6721	4.6923	4.6643	4.6821	Japan	0.66	0.00
Iron Ore	112.95	-1.3	USD Index	104.88	105.16	104.80	105.05	UK	4.45	-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: Investors shied away from risk overnight, leading to declines in bond yields and share markets.

Share Markets: Share market pared losses by more than half and two-year yields fell below 5% after solid jobless claims reinforced the case for the Fed to keep rates elevated. The S&P 500 fell 0.3% and the Nasdaq lost 0.9%.

Interest Rates: US bond yields fell across the yield curve, as a more risk averse tone dominated the market. The US 2-year yield fell 7 basis points and the 10-year yield dropped 4 basis points.

Foreign Exchange: The AUD/USD traded in an incredibly narrow range. After touching 0.6357 on September 6, the AUD has traded very quietly.

Commodities: Commodities were mostly weaker.

Australia: The Reserve Bank Governor, Philip Lowe, gave his last public speech as Governor at a lunch for the Anika Foundation hosted by the Australian Business Economists. He opened by reflecting on when he was first appointed and made two points. The first is that uncertainty is a factor of like and second, there is a lot to be grateful for.

He also said in the absence of a crystal ball, there are four fixed points that her has returned to during his time as Governor: the importance of strong credible frameworks for economic policy; the benefits of monetary and fiscal policy coordination; the necessity of lifting productivity growth; and the need to pay attention to developments in credit and asset markets.

Eurozone: GDP for Q2 was finalised lower at +0.1% for the quarter, from the initial reading of +0.3%. The reduction was driven by weaker net exports.

United States: Non-farm productivity for Q2 was finalised at 3.5%, after falling by 1.2% in Q1. The Bureau of Labor Statistics reported that hours worked declined for the first time since 2Q'20.

Weekly initial jobless claims were 216k for the latest week, below consensus estimates for an outcome of 233k.

Federal Reserve member Williams reiterated how important data dependency was to future decisions. Meanwhile, Goolsbee said the debate is shifting to how long policymakers should keep rates elevated.

Today's key data and events:

US W'sale Inventories Jul exp 0.2% prev -0.7% (12am)
US Consumer Credit Jul exp $16.0bn prev $17.8bn (5am)

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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The Detail