

Morning Report

Monday, 27 November 2023



Equities (close & % change)			Sydney Futures Exchange (last & change)					Interest rates (close & change)			
S&P/ASX 200	7,041	0.2%			Last	Overnight Chg		Australia			
US Dow Jones	35,390	0.3%	10 yr bond		4.55	-0.01		90 day BBSW	4.38	-0.02	
Japan Nikkei	33,626	0.5%	3 yr bond		4.19	-0.01		2 year bond	4.25	0.04	
China Shanghai	3,188	-0.7%	3 mth bill rate		4.41	0.00		3 year bond	4.19	0.05	
German DAX	16,029	0.2%	SPI 200		7,079.0	15		3 year swap	4.39	0.01	
UK FTSE100	7,488	0.1%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	4.55	0.06	
Commodities (close & change)			TWI		61.0	-	-	61.0	United States		
CRB Index	272.0	-3.1	AUD/USD		0.6559	0.6591	0.6550	0.6577	3-month T Bill	5.25	-0.02
Gold	2,000.82	8.6	AUD/JPY		98.11	98.54	97.96	98.29	2 year bond	4.95	0.05
Copper	8,364.75	19.3	AUD/GBP		0.5233	0.5238	0.5218	0.5222	10 year bond	4.47	0.06
Oil (WTI futures)	75.54	-1.6	AUD/NZD		1.0848	1.0851	1.0810	1.0829	Other (10 year yields)		
Coal (thermal)	129.40	-0.9	AUD/EUR		0.6015	0.6025	0.6011	0.6014	Germany	2.64	0.02
Coal (coking)	320.00	2.0	AUD/CNH		4.6906	4.7141	4.6862	4.7019	Japan	0.78	0.05
Iron Ore	131.65	-2.2	USD Index		103.76	103.84	103.36	103.42	UK	4.28	0.03

*US equity and bond markets were closed overnight due to the Thanksgiving public holiday - table shows outcomes from the previous session. 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: Investor appetite towards risk improved on Friday with the VIX index falling to its lowest level since January 2020. The outcome appears at odds with the heightened uncertainty still prevailing around the outlook.

Share Markets: US shares were mixed in Friday's holiday shortened session. The Dow rose 0.3%, the S&P 500 ended flat, and the Nasdaq lost 0.1%.

Interest Rates: US bond yields rose across the curve with the US 2-year yield increases 5 basis points to 4.95% and the 10-year yield up 6 basis points to 4.47%. These are signs perhaps that the bond rally is stalling.

Foreign Exchange: The AUD/USD stuck to another tight trading range. This time 0.6550-0.6591. The top of this range was the highest since August, reflecting the narrow range the AUD has been stuck in for some time.

Commodities: OPEC+ is close to resolving a dispute over output quotas with some African members that forced it to delay its policy meeting until Thursday. The group is working to tweak the 2024 targets set for Angola and Nigeria, and an agreement looks within reach, officials said. Market watchers now see an increased risk of deeper supply cuts.

Australia: The monthly finance statistics were released on Friday and showed that the Federal

budget in the four months to end October is around \$9.5 billion ahead of the government's forecasts. The upside surprise driven mainly by higher personal income tax. Company tax was also higher than expected by around \$1 billion (in accrual terms).

Australia will introduce legislation this week to help overhaul the RBA, including affirming its mandate.

Japan: Headline consumer prices rose from 3.0% year-on-year in September to 3.3% in October. When excluding food and energy, the annual rate eased from 4.2% to 4.0%.

Eurozone: The German IFO business climate survey rose to 87.3 in November, from 86.9 in October. The result was a touch below the median consensus forecast of 87.5. The IFO report suggested that the worst for the German economy had passed.

United Kingdom: The S&P global manufacturing purchasing managers' index (PMI) fell to 49.4 in November, from 50.0 in September, according to the preliminary reading. The composite PMI stayed unchanged at 50.7 and the services PMI rose 0.2 points to 50.8.

Please see over for the schedule of releases

Today's key data and events:

CH Industrial Profits Oct prev 11.9% (12:30am)

US New Home Sales Oct exp -4.7% prev 12.3% (2am)

US Dallas Fed Mfg Nov exp -16.0 prev -19.2 (2:30am)

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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