

Morning Report

Thursday, 8 February 2024

Equities (close & % change)			Sydney Futures Exchange (last & change)					Interest rates (close & change)		
S&P/ASX 200	7,616	0.5%			Last	Overnight Chg		Australia		
US Dow Jones	38,677	0.4%	10 yr bond	4.15		0.05		90 day BBSW	4.35	0.00
Japan Nikkei	36,120	-0.1%	3 yr bond	3.66		0.03		2 year bond	3.78	0.03
China Shanghai	2,966	1.4%	3 mth bill rate	4.31		0.00		3 year bond	3.69	0.03
German DAX	16,922	-0.7%	SPI 200	7,571.0		3		3 year swap	3.88	0.00
UK FTSE100	7,629	-0.7%	FX Last 24 hrs					10 year bond	4.13	0.04
Commodities (close & change)			TWI	60.9	-	-	60.9	United States		
CRB Index	270.4	1.3	AUD/USD	0.6524	0.6540	0.6516	0.6519	3-month T Bill	5.22	0.00
Gold	2,035.36	-0.8	AUD/JPY	96.45	96.79	96.44	96.59	2 year bond	4.43	0.03
Copper	8,217.00	-95.3	AUD/GBP	0.5178	0.5186	0.5161	0.5164	10 year bond	4.12	0.02
Oil (WTI futures)	73.86	0.5	AUD/NZD	1.0727	1.0732	1.0664	1.0672	Other (10 year yields)		
Coal (thermal)	123.50	1.6	AUD/EUR	0.6066	0.6077	0.6049	0.6052	Germany	2.32	0.02
Coal (coking)	313.00	1.0	AUD/CNH	4.6981	4.7107	4.6960	4.7016	Japan	0.72	-0.01
Iron Ore	126.65	1.6	USD Index	104.15	104.19	103.94	104.06	UK	3.99	0.04

Data as at 9:30am AEDT. Change is from the previous trading day (excluding the SFE, which is the change during the night session). Source: Bloomberg.

Main Themes: Market moves were relatively tame overnight, despite the largest 10-year treasury auction in history and comments from several Fed speakers.

Share Markets: US equities rose on some solid earning results. The S&P 500 rose 0.8%, while the NASDAQ jumped 0.9%.

Interest Rates: US interest rates were muted as the largest 10-year treasury auction on record was comfortably soaked up. The 2-year yield rose 3 basis points to 3.78%, while the 10-year yield rose 4 basis points to 4.12%.

Fed rate cuts are fully price for June with 120 basis points of cuts are priced in by the end of the year.

Foreign Exchange: The US dollar traded sideways. The DXY index ranged between 103.94 and 104.19 and is currently trading around this level.

The Aussie dollar was similarly quiet. The AUD/USD pair ranged between a low of 0.6516 and a high of 0.6540.

Commodities: Commodity prices were mixed. Oil and iron ore rose while copper and gold softened.

Australia: There were no major economic data releases yesterday.

Eurozone: German industrial production surprised to the downside in December. Production fell 1.6% in the month, compared to expectations for a 0.5% fall. In annual terms production fell 3.0%.

New Zealand: The labour market continued to show signs of strength as unemployment rose to 4.0% in the 4th quarter of 2023. This was up from 3.9% in the previous quarter. While higher in the quarter, the result was much stronger than expected. Consensus expectations centred on a rise in the unemployment rate to 4.3%. This signalled that the labour market is loosening more slowly than expected by consensus.

Other labour market indicators also signalled continued robustness in the labour market. Employment rose 0.4% in the quarter, to be 2.4% higher over the year. This was up from a 0.1% fall in the previous quarter and above expectations of 0.3% growth. However, the pace of employment growth was below population growth.

Wages continued to grow at a robust pace. Private sector wages excluding overtime rose 1.0% in the quarter, following 0.8% growth in the previous quarter. This was also above expectations of 0.8%.

The data suggests that the risk has increased that interest rate cuts from the Reserve Bank of New Zealand won't be coming until later in 2024.

United States: Several Fed members gave speeches overnight and struck a consistent tone. They continued to pour cold water on the likelihood of imminent rate cuts.

See daily data and events information overleaf.

Today's key data and events:

CH PPI Jan y/y prev -2.7% (12:30pm)

CH CPI Jan y/y prev -0.3% (12:30pm)

US Consumer Credit Dec prev 23.751 (7am)

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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