

Morning Report

Tuesday, 20 February 2024

Equities (close & % change)*			Sydney Futures Exchange (last & change)					Interest rates (close & change)*			
S&P/ASX 200	7,665	0.1%			Last	Overnight Chg		Australia			
US Dow Jones	38,628	0.0%	10 yr bond		4.21	0.02		90 day BBSW	4.34	0.00	
Japan Nikkei	38,470	0.0%	3 yr bond		3.76	0.01		2 year bond	3.85	-0.02	
China Shanghai	3,051	1.6%	3 mth bill rate		4.32	0.01		3 year bond	3.76	-0.02	
German DAX	17,092	-0.1%	SPI 200		7,610.0	2		3 year swap	3.98	-0.01	
UK FTSE100	7,729	0.2%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	4.17	-0.02	
Commodities (close & change)			TWI		61.1	-	-	61.1	United States		
CRB Index	272.6	1.3	AUD/USD		0.6530	0.6552	0.6527	0.6540	3-month T Bill	5.22	0.00
Gold	2,017.21	3.6	AUD/JPY		98.07	98.23	98.00	98.19	2 year bond	4.64	0.00
Copper	8,410.25	186.0	AUD/GBP		0.5183	0.5193	0.5178	0.5192	10 year bond	4.28	0.00
Oil (WTI futures)	79.29	0.1	AUD/NZD		1.0659	1.0669	1.0633	1.0635	Other (10 year yields)		
Coal (thermal)	120.75	-2.0	AUD/EUR		0.6060	0.6075	0.6057	0.6068	Germany	2.41	0.01
Coal (coking)	313.00	-3.0	AUD/CNH		4.7103	4.7204	4.7078	4.7161	Japan	0.74	0.00
Iron Ore	126.10	-1.3	USD Index		104.23	104.37	104.14	104.26	UK	4.11	0.00

Data as at 8:00am AEDT. Change is from the previous trading day (excluding the SFE, which is the change during the night session). Source: Bloomberg.

*US equity and bond markets were closed overnight.

Main Themes: US equity and bond markets were closed overnight due to the Presidents Day public holiday. The US dollar was mixed against the G-10 basket of currencies, while the price of oil remained broadly unchanged.

Share Markets: The ASX 200 closed 0.1% higher, led by financials stocks. Six of eleven sectors finished in the green. Futures are pointing to a flat start to today's session.

Interest Rates: The implied US 10-year bond yield ticked up in the futures market (from 4.28% to 4.31%), which did trade overnight.

Interest-rate markets are now attaching almost no chance to a March cut by the US Fed. To the end of 2024, markets are pricing around 100 basis points of cuts, with the first cut fully priced in for June this year.

The Aussie 3-year (futures) yield rose 1 basis point to 3.76%, while the 10-year yield was up 2 basis point to 4.21%.

Interest-rate markets are now expecting around 40 basis points of rate cuts in the second half of the year, with the first full rate cut pushed out to the Reserve Bank's September meeting.

Foreign Exchange: The US dollar was mixed against the G-10 basket of currencies. The DXY index traded within a narrow band between 104.14 to 104.37, before settling at 104.26.

There were small movement in the Aussie dollar. The AUD/USD pair broke through the 0.6550 level to reach a high of 0.6552, before falling to 0.6527. It is currently trading at around 0.6540.

Commodities: The price of oil was broadly unchanged. Gold and copper were higher, while iron ore and coal were lower.

Australia: There was no major economic data released yesterday.

New Zealand: The performance of services index increased to 52.1 index points in January, from 48.8 points in December. This was the strongest read in eight months, pointing to expansion in the services sector over January. The sales and new orders sub-indices both improved and are now above neutral. There was also a lower proportion of negative comments from businesses when compared to the past few months.

United Kingdom: The average asking prices for houses increased by 0.9% in February. Gains were recorded across all regions including London. In annual terms, the average asking dwelling price was 0.1% higher, the first positive annual reading since July 2023. The improvement has been driven by lower borrowing costs.

Today's key data and events appear on the next page.

Today's key data and events:

AU RBA Board Meeting Minutes (11:30am)

US Leading Index Jan (2am)

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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