

Morning Report

Tuesday, 14 November 2023



Equities (close & % change)			Sydney Futures Exchange (last & change)					Interest rates (close & change)		
S&P/ASX 200	6,949	-0.4%			Last	Overnight Chg		Australia		
US Dow Jones	34,338	0.2%	10 yr bond	4.66	-0.02			90 day BBSW	4.42	0.00
Japan Nikkei	32,585	0.1%	3 yr bond	4.29	-0.01			2 year bond	4.34	0.05
China Shanghai	3,194	0.2%	3 mth bill rate	4.44	0.01			3 year bond	4.29	0.05
German DAX	15,345	0.7%	SPI 200	7,028.0	68			3 year swap	4.48	0.04
UK FTSE100	7,426	0.9%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	4.67	0.05
Commodities (close & change)			TWI	60.1	-	-	60.1	United States		
CRB Index	277.6	4.3	AUD/USD	0.6359	0.6391	0.6350	0.6379	3-month T Bill	5.27	0.01
Gold	1,946.35	6.1	AUD/JPY	96.26	96.86	96.18	96.73	2 year bond	5.03	-0.03
Copper	8,081.25	124.8	AUD/GBP	0.5204	0.5212	0.5193	0.5196	10 year bond	4.63	-0.02
Oil (WTI futures)	78.50	1.3	AUD/NZD	1.0785	1.0847	1.0782	1.0845	Other (10 year yields)		
Coal (thermal)	129.60	-3.4	AUD/EUR	0.5950	0.5975	0.5944	0.5962	Germany	2.71	0.00
Coal (coking)	303.50	3.5	AUD/CNH	4.6435	4.6591	4.6392	4.6515	Japan	0.87	0.02
Iron Ore	127.45	-0.7	USD Index	105.79	105.96	105.59	105.64	UK	4.31	-0.02

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: Major currencies, US bond yields and US share markets traded in narrow ranges ahead of key US inflation data. Last week's US Fed meeting suggested rates are at a peak, but the door to another rate hike is not yet fully shut. It would take some jarring data to justify another rate hike, which means tonight's inflation report is in the limelight.

Share Markets: US share markets finished only slightly changed from the previous session's close. The Dow lifted 0.1%, the S&P 500 declined 0.1% and the Nasdaq fell 0.2%.

Interest Rates: US bond yields edged lower in trade overnight with the 2-year yield losing 3 basis points and the 10-year yield declining 2 basis points.

Foreign Exchange: The USD index was slightly softer in overnight trade ahead of US inflation data. The EUR and GBP were firmer against the USD, but the JPY weakened modestly. The AUD/USD barely budged, moving just 20 pips in overnight trade. FX traders are waiting for the US inflation data, which is likely to set the tone for the major currencies.

Commodities: Oil prices nudged up slightly. Gold and other base metal prices were firmer too.

Australia: The Reserve Bank's Acting Assistant Governor in a speech yesterday said that inflation is proving to be more stubborn than first expected, largely due to price pressures in the services sector. She added that bringing it down will be a more

gradual process. Kohler also said that there was a risk high inflation now could feed into wage and price-setting behaviour and require even tighter policy to counter it.

Eurozone: European Central Bank member de Guindos said that the Eurozone economy should remain subdued near term and there are signs that the labour market is starting to soften. He also said a temporary rebound in inflation is expected in the coming months as the base effects from the sharp increase in energy and food prices in autumn 2022 drop out. But he sees the general disinflationary process continuing over the medium term.

United States: Consumers' 1-year inflation expectations fell slightly in October, to 3.6% from 3.7%. The 3-year outlook held at 3.0% while the 5-year ticked down to 2.7% from 2.8%.

Please see table of upcoming releases over the page

Today's key data and events:

AU WBC-MI Consumer Confidence Oct prev (10:30am)
AU NAB Monthly Busin. Survey Oct pre v 82.0 (11:30am)
 Business Conditions Index prev 11
 Business Confidence Index prev 1
UK Avg Weekly Earnings Sep 3-month year-on-year exp
7.3% prev 8.1% (6pm)
GE ZEW Expectations Nov exp 5.0 prev -1.1 (9pm)
EZ GDP Q3 Preliminary (9pm)
 q/q exp -0.1% prev -0.1%
 y/y exp 0.1% prev 0.1%
EZ Employment Q3 prev 0.2% (9pm)
US NFIB Small Business Optimism
US Headline CPI Oct (12:30am)
 q/q exp 0.1% prev 0.4%
 y/y exp 3.1% prev 3.7%
US Core CPI Oct (12:30am)
 q/q exp 0.3% prev 0.3%
 y/y exp 4.1% prev 4.1%

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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