

Morning Report

Thursday, 23 November 2023



Equities (close & % change)			Sydney Futures Exchange (last & change)					Interest rates (close & change)		
S&P/ASX 200	7,073	-0.1%			Last	Overnight Chg		Australia		
US Dow Jones	35,273	0.5%	10 yr bond	4.50		0.05	90 day BBSW	4.37	-0.02	
Japan Nikkei	33,452	0.3%	3 yr bond	4.17		0.08	2 year bond	4.22	0.07	
China Shanghai	3,191	-0.8%	3 mth bill rate	4.41		0.04	3 year bond	4.16	0.08	
German DAX	15,958	0.4%	SPI 200	7,084.0		-12	3 year swap	4.37	0.00	
UK FTSE100	7,470	-0.2%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	4.49	0.04
Commodities (close & change)			TWI	60.9	-	-	60.9	United States		
CRB Index	275.1	-2.0	AUD/USD	0.6557	0.6570	0.6521	0.6540	3-month TBill	5.27	0.02
Gold	1,990.17	-8.1	AUD/JPY	97.29	97.93	97.08	97.85	2 year bond	4.90	0.03
Copper	8,294.50	-99.5	AUD/GBP	0.5230	0.5246	0.5215	0.5234	10 year bond	4.40	0.01
Oil (WTI futures)	76.75	-1.0	AUD/NZD	1.0836	1.0877	1.0829	1.0864	Other (10 year yields)		
Coal (thermal)	128.85	1.3	AUD/EUR	0.6009	0.6024	0.5990	0.6008	Germany	2.56	-0.01
Coal (coking)	314.00	0.0	AUD/CNH	4.6841	4.7015	4.6696	4.6864	Japan	0.73	0.02
Iron Ore	133.00	-1.7	USD Index	103.60	104.21	103.48	103.89	UK	4.16	0.05

Data as at 9:00am AEST. Change is from the previous trading day (excluding the SFE, which is the change during the night session). Source: Bloomberg.

Main Themes: Global share markets and bond yields in the major economies moved higher. Domestically, markets are reacting to a keynote address by the Reserve Bank Governor last night.

Share Markets: US share markets continued to rally. The Dow lifted 0.5%, the S&P 500 rose 0.4% and the Nasdaq moved 0.5% higher at the close.

Interest Rates: US bond yields moved higher as mixed US economic data prompted some trader to take profits on dovish Fed wagers. The US 2-year yield pushed up 3 basis points and the 10-year yield rose 1 basis point. Markets currently price the Fed funds rate, currently 5.375% (mid), to be unchanged at the next few meetings, with a 50% of a rate cut in from May 2024.

The Australian 3-year government bond yield (futures) initially rose from 4.08% to 4.17% following the speech last night by the Reserve Bank Governor. This rise extended to 4.17% after the US data, while the 10-year yield rose from 4.44% to 4.52%. Markets are currently pricing in very little chance of a hike at the Reserve Bank's December meeting but have a 50% chance priced in before March 2024.

Foreign Exchange: The AUD had a volatile night, but is trading close to where it started the European session last night and continued to trade familiar ranges overnight. The AUD/USD traded overnight in

a range of 0.6521 to 0.6570.

Commodities: Crude fell as OPEC+ delayed a meeting planned for this weekend to next week, dimming hopes that the cartel will intervene to tighten supplies.

Australia: The Reserve Bank Governor, Michele Bullock, gave a keynote address to an Australian Business Economists' (ABE) event last night. Bullock emphasised that the remaining inflation challenge is increasingly home grown and demand driven. Bullock added that an important implication of this home grown and demand-driven component to inflation is that getting inflation back to target will take time.

United States: Durable goods orders fell a larger-than-expected 5.4% in October. This fall followed a revised 4.0% gain in the previous month. Excluding air and defence goods, orders were down a more modest 0.1%. This was consistent with recent readings which point to a modest slowing in demand.

Consumer sentiment was finalised at 61.3 in November, according to the University of Michigan. This was down on a reading of 63.8 in October and marked the fourth consecutive fall in consumer sentiment. The current conditions measure improved in the month, while inflation expectations came in hotter than expected increasing from 4.4%

to 4.5% in November.

Initial jobless claims fell the most since June, to 209,000 from a revised 233,000.

Today's key data and events:

EZ HCOB Mfg PMI Nov Prel. exp 43.5 prev 48.2 (8pm)

EZ HCOB Serv. PMI Nov Prel. exp 48.1 prev 47.8 (8pm)

UK S&P Mfg PMI Nov Prel. exp 45.0 prev 44.8 (8:30pm)

UK S&P Serv. PMI Nov Prel. exp 49.5 prev 49.5 (8:30pm)

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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