

# Morning Report

Monday, 12 February 2024

Equities (close & % change)			Sydney Futures Exchange (last & change)					Interest rates (close & change)			
S&P/ASX 200	7,645	0.1%			<b>Last</b>	<b>Overnight Chg</b>		<b>Australia</b>			
US Dow Jones	38,672	-0.1%	10 yr bond		4.18	0.03		90 day BBSW	4.34	0.00	
Japan Nikkei	36,897	0.1%	3 yr bond		3.74	0.06		2 year bond	3.79	0.03	
China Shanghai	3,004	1.3%	3 mth bill rate		4.33	0.01		3 year bond	3.70	0.03	
German DAX	16,927	-0.2%	SPI 200		7,595.0	0		3 year swap	3.96	0.07	
UK FTSE100	7,573	-0.3%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	4.13	0.02	
<b>Commodities (close &amp; change)</b>			TWI		61.0	-	-	61.0	<b>United States</b>		
CRB Index	274.3	0.8	AUD/USD		0.6492	0.6534	0.6487	0.6513	3-month T Bill	5.22	-0.01
Gold	2,024.26	-10.3	AUD/JPY		96.93	97.46	96.88	97.39	2 year bond	4.48	0.03
Copper	8,077.29	-21.0	AUD/GBP		0.5145	0.5172	0.5143	0.5155	10 year bond	4.18	0.02
Oil (WTI futures)	76.84	0.6	AUD/NZD		1.0656	1.0656	1.0586	1.0605	<b>Other (10 year yields)</b>		
Coal (thermal)	125.60	0.5	AUD/EUR		0.6024	0.6053	0.6022	0.6038	Germany	2.38	0.03
Coal (coking)	316.00	0.0	AUD/CNH		4.6847	4.7129	4.6814	4.7085	Japan	0.73	0.02
Iron Ore	127.10	0.5	USD Index		104.14	104.26	103.95	104.08	UK	4.09	0.04

Data as at 7:55am AEDT. Change is from the previous trading day (excluding the SFE, which is the change during the night session). Source: Bloomberg.

**Main Themes:** Markets were upbeat on Friday on optimism of Fed rate cuts and expectations earnings will remain resilient. A rise in tech stocks pushed the S&P 500 to a fresh record high, treasury yields were slightly firmer, and the US dollar softened marginally.

**Share Markets:** A renewed rally in big tech pushed US equities higher. The S&P 500 gained 0.6% to close above 5,000 points for the first time ever. The NASDAQ jumped 1.3%, while the Dow Jones bucked the trend, easing 0.1%.

The ASX 200 closed 0.1% higher on Friday. Futures are pointing to a positive start to the week on the back of a strong Friday session in the US.

**Interest Rates:** Moves in interest rate markets were fairly benign given a lack of top tier economic data. The 2-year treasury yield rose 3 basis points to 4.48%, after briefly touching its highest level since mid-December. The 10-year increased 2 basis points to 4.18%.

Interest rate markets are pricing around a 20% chance of a Fed rate cut in March. That probability jumps to 70% by May and a cut is fully priced by the June meeting.

The Aussie 3-year (futures) yield rose 6 basis points to 3.74%, while the 10-year yield was up 3 basis points to 4.18%.

**Foreign Exchange:** The Aussie dollar rose from a

low of 0.6487 to a high of 0.6534 and is currently trading around 0.6513.

The US dollar softened against a basket of major currencies. The DXY index ranged between a high of 104.26 and low of 103.95 and is currently trading near 104.08.

**Commodities:** The West Texas Intermediate (WTI) price of oil firmed to US\$76.84 per barrel. Iron ore also firmed while gold and copper slipped.

**Australia:** Reserve Bank (RBA) Governor, Michele Bullock, addressed the House of Representative Standing Committee on Economics on Friday. Bullock reiterated recent comments that the Board has neither ruled anything in or out when it comes to the cash rate and will stick to a meeting-by-meeting, data-dependent approach to setting policy. Bullock reaffirmed that there is still plenty of progress to be made on inflation and that the Board will be looking for evidence that inflation will remain sustainably within its target band before considering rate cuts.

**Eurozone:** Monthly growth in the German consumer price index (CPI) was finalised unchanged in January at 0.2%. Annual CPI inflation was also unchanged at 2.9%.

*Please see data and events table over the page.*

**There are no major economic data releases today.  
Tomorrow's key data and events:**

AU WBC-MI Consumer Sentiment Feb prev 81 (10:30am)

NAB Business Survey Jan (11:30am)

Business Confidence Jan prev -1

Business Conditions Jan prev +7

UK ILO Unemployment Rate Dec exp 4.0% (6pm)

EZ EU ZEW Expectations Feb prev 22.7 (9pm)

US CPI Jan (12:30am)

m/m exp 0.2% prev 0.3%

y/y exp 2.9% prev 3.4%

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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