

Morning Report

Tuesday, 19 March 2024

Equities (close & % change)			Sydney Futures Exchange (last & change)					Interest rates (close & change)			
S&P/ASX 200	7,676	0.1%			Last	Overnight Chg		Australia			
US Dow Jones	38,790	0.2%	10 yr bond		4.15	0.02		90 day BBSW	4.35	0.01	
Japan Nikkei	39,740	2.7%	3 yr bond		3.70	0.00		2 year bond	3.86	-0.01	
China Shanghai	3,234	1.0%	3 mth bill rate		4.26	0.00		3 year bond	3.73	-0.01	
German DAX	17,933	0.0%	SPI 200		7,687.0	3		3 year swap	3.93	-0.02	
UK FTSE100	7,723	-0.1%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	4.13	0.02	
Commodities (close & change)			TWI		61.3	-	-	61.3	United States		
CRB Index	287.2	2.6	AUD/USD		0.6561	0.6574	0.6551	0.6559	3-month T Bill	5.24	0.00
Gold	2,160.36	4.5	AUD/JPY		97.77	98.05	97.65	97.85	2 year bond	4.73	0.00
Copper	8,970.25	184.3	AUD/GBP		0.5153	0.5160	0.5150	0.5153	10 year bond	4.32	0.02
Oil (WTI futures)	82.79	0.1	AUD/NZD		1.0774	1.0787	1.0768	1.0778	Other (10 year yields)		
Coal (thermal)	129.50	-1.8	AUD/EUR		0.6024	0.6035	0.6022	0.6033	Germany	2.46	0.02
Coal (coking)	284.00	0.0	AUD/CNH		4.7263	4.7371	4.7223	4.7268	Japan	0.77	-0.02
Iron Ore	103.40	-0.5	USD Index		103.44	103.65	103.34	103.57	UK	4.09	-0.01

Data as at 9:15am AEDT. Change is from the previous trading day (excluding the SFE, which is the change during the night session). Source: Bloomberg.

Main Themes: US equities finished higher led by tech stocks and a renewed wave of investor enthusiasm toward AI. US Bond yields were broadly unchanged after increasing late last week, while the US dollar edged higher ahead of the Fed's March meeting. The price of oil was broadly unchanged at above US\$ 82 a barrel.

Share Markets: US equities ended higher led by tech stocks. Nvidia shares jumped by more than 1.0% as investors are expecting further detail on the upcoming launch of next-generation GPU chips at the company's Technology Conference. Alphabet saw its stock price surge by more than 5% after reporting suggested that Apple may utilize Alphabet's Gemini AI chatbot in its upcoming iPhone release.

The S&P 500 closed 0.6% higher, the tech heavy Nasdaq closed 0.8% higher and the Dow Jones was ended 0.2% higher.

The ASX 200 closed 0.1% higher in yesterday's trade. Futures are pointing to a positive open today.

Interest Rates: Bond yields were broadly unchanged ahead of the Fed's March meeting. The US 2-year yield was unchanged. The 10-year yield increase two basis points to 4.32%.

Interest-rate markets are pricing a 60% chance of a cut in the June meeting, with a cut in the July meeting being fully priced. For 2024, markets are pricing around 70 basis points of cuts by the end of

the year.

Australian bond yields (futures) were unchanged overnight. The 3-year (futures) yield was at 3.70% and the 10-year (future) was at 4.15%.

Interest-rate markets are pricing an 80% chance of a cut by the Reserve Bank of Australia (RBA) in the August meeting, with a cut in the September meeting being fully priced. Markets are pricing around 40 basis points of cuts by the end of the year.

Foreign Exchange: The US dollar was slightly higher against a basket of major currencies after trading in a narrow range. The DXY Index ranged between a low of 103.34 and a high of 103.65. It was trading at 103.57 at the time of writing.

The AUD/USD lost ground against a stronger USD. The pair slipped from a high of 0.6574 to a low of 0.6551 and was trading at 0.6559 at the time of writing.

Commodities: The price of oil was broadly unchanged. The West Texas Intermediate (WTI) price of oil is currently sitting at US\$82.79 per barrel.

Gold and copper increased. Coal and iron ore declined, with the price of iron ore sitting at US\$103.40 a tonne (FOB).

Australia: There were no major economic data releases on Friday.

China: Over the first two months of 2024, industrial production rose 7.0% compared to a year earlier. This was a pickup from the growth of 6.8% recorded over 2023 and higher than the 5.2% the market was expecting.

Fixed asset investment also accelerated, growing 4.2% over the first two months of 2024 compared with a year ago. This was stronger than the 3.2% the market was expecting.

Japan: Core machinery orders, which exclude ships and electric power companies, fell 1.7% in January. This was weaker than the fall of 1.0% expected by the market. On an annual basis, private-sector machinery orders dropped 10.9% in January, deteriorating rapidly from a 0.7% fall in December.

United Kingdom: The average asking price of homes coming onto the market rose 1.5% in March to be 0.8% higher in annual terms. Increased demand is being supported by the cooling in mortgage rates from their peak last summer. The increase in March was the largest monthly jump in almost one year, indicating increasing confidence the market is strengthening.

United States: The NAHB Housing Market Index increased to 51 index points in March, up from the 48 points recorded in February. This was better than the 48 points expected by the market. It was the strongest confidence in 8 months as the lack of existing inventory continues to drive buyers to new home construction.

Today's key data and events:

AU RBA Policy Decision exp 4.35% prev 4.35%
(2:30pm)

EZ EU ZEW Expectations Mar prev 25 (9pm)

JP Industrial Production Jan Final (3:30pm)

US Housing Starts Feb prev -14.8% (11:30pm)

US Building Permits Feb prev -1.5% (11:30pm)

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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