

Friday, 8 September 2023

Equities (close & % change)			Sydney Futures Exchange (last & change)					Interest rates (close & change)		
S&P/ASX 200	7,171	-1.2%			Last	Overnight Chg		Australia		
US Dow Jones	34,501	0.2%	10 yr bond	4.12				90 day BBSW	4.12	0.00
Japan Nikkei	32,991	-0.8%	3 yr bond	3.81				2 year bond	3.85	-0.02
China Shanghai	3,274	-1.1%	3 mth bill rate	4.26				3 year bond	3.82	-0.03
German DAX	15,719	-0.1%	SPI 200	7,168.0			7	3 year swap	4.05	0.00
UK FTSE100	7,442	0.2%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	4.12	-0.04
Commodities (close & change)*			TWI	60.1	-	-	60.1	United States		
CRB Index	283.8	-1.0	AUD/USD	0.6382	0.6395	0.6362	0.6378	3-month T Bill	5.28	-0.03
Gold	1,919.68	3.1	AUD/JPY	94.22	94.32	93.71	93.94	2 year bond	4.95	-0.07
Copper	8,321.25	-53.0	AUD/GBP	0.5104	0.5130	0.5092	0.5114	10 year bond	4.24	-0.04
Oil (WTI futures)	86.74	-0.1	AUD/NZD	1.0872	1.0876	1.0839	1.0852	Other (10 year yields)		
Coal (thermal)	166.95	-2.2	AUD/EUR	0.5951	0.5977	0.5935	0.5962	Germany	2.61	-0.04
Coal (coking)	276.33	3.0	AUD/CNH	4.6721	4.6923	4.6643	4.6821	Japan	0.66	0.00
Iron Ore	112.95	-1.3	USD Index	104.88	105.16	104.80	105.05	UK	4.45	-0.08

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: Investors shied away from risk overnight, leading to declines in bond yields and share markets.

Share Markets: Share market pared losses by more than half and two-year yields fell below 5% after solid jobless claims reinforced the case for the Fed to keep rates elevated. The S&P 500 fell 0.3% and the Nasdaq lost 0.9%.

Interest Rates: US bond yields fell across the yield curve, as a more risk averse tone dominated the market. The US 2-year yield fell 7 basis points and the 10-year yield dropped 4 basis points.

Foreign Exchange: The AUD/USD traded in an incredibly narrow range. After touching 0.6357 on September 6, the AUD has traded very quietly.

Commodities: Commodities were mostly weaker.

Australia: The Reserve Bank Governor, Philip Lowe, gave his last public speech as Governor at a lunch for the Anika Foundation hosted by the Australian Business Economists. He opened by reflecting on when he was first appointed and made two points. The first is that uncertainty is a factor of like and second, there is a lot to be grateful for.

He also said in the absence of a crystal ball, there are four fixed points that he has returned to during his time as Governor: the importance of strong credible frameworks for economic policy; the benefits of monetary and fiscal policy coordination; the necessity of lifting productivity growth; and the

need to pay attention to developments in credit and asset markets.

Eurozone: GDP for Q2 was finalised lower at +0.1% for the quarter, from the initial reading of +0.3%. The reduction was driven by weaker net exports.

United States: Non-farm productivity for Q2 was finalised at 3.5%, after falling by 1.2% in Q1. The Bureau of Labor Statistics reported that hours worked declined for the first time since 2Q'20.

Weekly initial jobless claims were 216k for the latest week, below consensus estimates for an outcome of 233k.

Federal Reserve member Williams reiterated how important data dependency was to future decisions. Meanwhile, Goolsbee said the debate is shifting to how long policymakers should keep rates elevated.

Today's key data and events:

US W'sale Inventories Jul exp 0.2% prev -0.7% (12am)
 US Consumer Credit Jul exp \$16.0bn prev \$17.8bn (5am)

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.

Besa Deda, Chief Economist

Ph: +61 404 844 817

Contact Listing

Chief Economist

Besa Deda
dedab@banksa.com.au
+61 404 844 817

Senior Economist

Jarek Kowcza
jarek.kowcza@banksa.com.au
+ 61 481 476 436

Senior Economist

Pat Bustamante
pat.bustamante@banksa.com.au
+61 468 571 786

Economist

Jameson Coombs
jameson.coombs@banksa.com.au
+61 401 102 789

The information contained in this report (the Information) is provided for, and is only to be used by, persons in Australia. The information may not comply with the laws of another jurisdiction. The Information is general in nature and does not take into account the particular investment objectives or financial situation of any potential reader. It does not constitute, and should not be relied on as, financial or investment advice or recommendations (expressed or implied) and is not an invitation to take up securities or other financial products or services. No decision should be made on the basis of the Information without first seeking expert financial advice. For persons with whom BankSA has a contract to supply Information, the supply of the Information is made under that contract and BankSA's agreed terms of supply apply. BankSA does not represent or guarantee that the Information is accurate or free from errors or omissions and BankSA disclaims any duty of care in relation to the Information and liability for any reliance on investment decisions made using the Information. The Information is subject to change. Terms, conditions and any fees apply to BankSA products and details are available. BankSA or its officers, agents or employees (including persons involved in preparation of the Information) may have financial interests in the markets discussed in the Information. BankSA owns copyright in the information unless otherwise indicated. The Information should not be reproduced, distributed, linked or transmitted without the written consent of BankSA.

Any unauthorized use or dissemination is prohibited. Neither BankSA- A Division of Westpac Banking Corporation ABN 33 007 457 141 AFSL 233714 ACL 233714, nor any of Westpac's subsidiaries or affiliates shall be liable for the message if altered, changed or falsified.
