

Wednesday, 23 August 2023

Equities (close & % change)			Sydney Futures Exchange (last & change)					Interest rates (close & change)			
S&P/ASX 200	7,122	0.1%			<b>Last</b>	<b>Overnight Chg</b>			<b>Australia</b>		
US Dow Jones	34,289	-0.5%	10 yr bond	4.26					90 day BBSW	4.14	0.00
Japan Nikkei	31,857	0.9%	3 yr bond	3.91					2 year bond	3.93	0.00
China Shanghai	3,271	0.9%	3 mth bill rate	4.16					3 year bond	3.91	0.01
German DAX	15,706	0.7%	SPI 200	7,059.0					3 year swap	4.14	-0.03
UK FTSE100	7,271	0.2%	FX Last 24 hrs	Open	High	Low	Current		10 year bond	4.27	0.01
Commodities (close & change)*			TWI	59.9	-	-	59.9	<b>United States</b>			
CRB Index	274.0	-0.8	AUD/USD	0.6414	0.6458	0.6404	0.6423	3-month T Bill	5.26	0.00	
Gold	1,897.48	2.5	AUD/JPY	93.79	94.06	93.51	93.69	2 year bond	5.05	0.05	
Copper	8,363.70	93.2	AUD/GBP	0.5028	0.5056	0.5019	0.5045	10 year bond	4.32	-0.01	
Oil (WTI futures)	80.35	-0.4	AUD/NZD	1.0822	1.0826	1.0795	1.0804	<b>Other (10 year yields)</b>			
Coal (thermal)	164.75	2.8	AUD/EUR	0.5887	0.5928	0.5875	0.5921	Germany	2.65	-0.06	
Coal (coking)	257.50	2.5	AUD/CNH	4.6742	4.7161	4.6650	4.6925	Japan	0.67	0.02	
Iron Ore	110.80	0.1	USD Index	103.29	103.72	103.01	103.60	UK	4.65	-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:** US share markets pulled back, shorter dated US yields continued to push higher and the AUD/USD remained in a consolidative phase. Markets are awaiting key speeches at the Jackson Hole event later this week.

**Share Markets:** US share markets pulled back with the S&P 500 and Dow falling by 0.3% and 0.5%, respectively. The Nasdaq, however, gained 0.1% following on from a strong rise in the previous trading session.

**Interest Rates:** Yields at shorter end of the US yield curve continued to rise overnight, as the theme of higher rates for longer deepened. The US 10-year yield edged lower after spiking in the previous trading session and reaching a high overnight of 4.34% - this level was last recorded in 2007.

**Foreign Exchange:** The AUD/USD gained some modest ground overnight, rising to a high of 0.6458. However, the AUD/USD pair remains in a consolidative phase after falling to a low of 0.6365 on August 17. The FX market is waiting on key speeches from officials such as Fed Chair Powell at the Jackson Hole event later this week.

**Commodities:** The price of West Texas Intermediate oil fell in thin trading and news that Iran expects to boost output to 3.4 million barrels per day by the end of summer.

**Australia:** There were no major data releases.

**United States:** Existing home sales fell 2.2% in July to a 4.07 million annualised pace, constrained by a lack of inventory and higher rates.

The Richmond Fed manufacturing index recorded a modest increase to minus 7 in August, from minus 9 previously.

Richmond Federal Reserve President Thomas Barkin warned that the Fed could lose credibility if it were to consider changing its inflation target. Barkin said "it's not like 2% is some magical unicorn of a number that we could never hit."

#### Today's key data and events:

NZ Retail Sales Volumes Q2 prev -1.4% (8:45am)  
 EZ Mfg, Services and Composite PMIs Aug (6pm)  
 UK Mfg, Services and Composite PMIs Aug (6:30pm)  
 US Mfg PMI Aug exp 49.0 prev 49.0 (11:45pm)  
 US Services PMI Aug exp 52.2 prev 52.3 (11:45pm)  
 US Composite PMI Aug exp 51.5 prev 52.0 (11:45pm)  
 US New Home Sales Aug exp 704k prev 697k (12am)

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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