

# Morning Report

Monday, 19 June 2023



Equities (close & % change)			Sydney Futures Exchange (last & change)					Interest rates (close & change)			
S&P/ASX 200	7,251	1.1%			<b>Last</b>	<b>Overnight Chg</b>		<b>Australia</b>			
US Dow Jones	34,299	-0.3%	10 yr bond		4.02	-0.01		90 day BBSW	4.30	0.07	
Japan Nikkei	33,706	0.7%	3 yr bond		3.97	0.00		2 year bond	4.20	0.00	
China Shanghai	3,431	0.6%	3 mth bill rate		4.68	-0.01		3 year bond	4.02	0.00	
German DAX	16,358	0.4%	SPI 200		7,226.0	-3		3 year swap	4.32	0.01	
UK FTSE100	7,643	0.2%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	4.02	-0.01	
Commodities (close & change)*			TWI		62.8	-	-	62.8	<b>United States</b>		
CRB Index	270.9	4.0	AUD/USD		0.6881	0.6900	0.6855	0.6879	3-month T Bill	5.07	0.00
Gold	1,957.98	0.0	AUD/JPY		96.53	97.65	96.24	97.55	2 year bond	4.71	0.07
Copper	8,555.75	-1.3	AUD/GBP		0.5383	0.5390	0.5349	0.5363	10 year bond	3.76	0.04
Oil (WTI futures)	71.41	-0.4	AUD/NZD		1.1035	1.1056	1.1010	1.1035	<b>Other (10 year yields)</b>		
Coal (thermal)	135.65	-6.3	AUD/EUR		0.6288	0.6297	0.6268	0.6288	Germany	2.47	-0.03
Coal (coking)	227.00	0.3	AUD/CNH		4.9009	4.9121	4.8822	4.9040	Japan	0.41	-0.02
Iron Ore	114.00	0.5	USD Index		102.13	102.43	102.01	102.30	UK	4.41	0.03

Data as at 8am AEST. Change is from the previous trading day (excluding the SFE, which is the change during the night session). Source: Bloomberg.

**Main Themes:** A slew of Fed speakers dominated market action ahead of a US holiday.

**Share Markets:** US share markets ended lower ahead of the Federal holiday in the US and a large volume of options expirations. The Dow ended 0.3% lower, the S&P 500 finished 0.4% weaker and the Nasdaq closed down 0.7%.

**Interest Rates:** US 2-year treasury yields rose from 4.67% to 4.71% via 4.77%, while the 10-year yield rose from 3.73% to 3.76% via 3.80%. Interest-rate markets currently price the Fed funds rate, currently 5.125% (mid), to be 20 basis points higher at the next meeting on 27 July.

**Foreign Exchange:** The AUD held on to its gains from the Thursday session on Friday night, trading a narrow range of between 0.6855 and a 4-month high of 0.6900.

**Commodities:** Oil ended lower on Friday.

**Australia:** There was no major data published on Friday.

**United States:** The University of Michigan's consumer sentiment index rose to 63.9 in June, from 59.2 in May. The outcome was higher than consensus expected (of 60.0). The one-year-ahead inflation expectations measure fell from 4.2% to 3.3% and the 5-10-year-ahead measure fell 0.1 percentage points to 3.1%.

Federal Reserve member Barkin said inflation

remains too high and stubbornly persistent, and he is comfortable with more tightening if necessary. He reiterated the lesson of the 70s: "if you back off inflation too soon, inflation comes back stronger, requiring the Fed to do even more, with even more damage." He added that is not a risk he wants to take.

Christopher Waller said he is not sure whether the recent bank turmoil intensified credit tightening. He also said inflation is not declining as quickly as he had expected and is concerned that core inflation has stalled.

Chicago Fed President Goolsbee said the central bank needed to pause interest-rate rises to be able to better assess conflicting economic data.

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

NZ Perf. Services Index May exp 53.3 prev 50.1 (8:30am)  
 UK Rightmove House Prices Jun prev 1.8% (9:01am)  
 US Federal Holiday

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@stgeorge.com.au  
+61 404 844 817

**Senior Economist**

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

**Senior Economist**

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

**Economist**

Jameson Coombs  
jameson.coombs@stgeorge.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 St. George has a contract to supply Information, the supply of the Information is made under that contract and St.George's agreed terms of supply apply. St.George does not represent or guarantee that the Information is accurate or free from errors or omissions and St.George 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 St.George products and details are available. St.George 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. St.George owns copyright in the information unless otherwise indicated. The Information should not be reproduced, distributed, linked or transmitted without the written consent of St.George.