

## Daily Brief

Tuesday, 16 November 2021

## Overnight Markets

Equities	Close	Chg	Pct %
Dow Jones	36,087.5	-12.9	-0.04%
S&P 500	4,682.8	-0.1	-0.00%
Nasdaq	15,853.8	-7.1	-0.04%
FTSE 100	7,351.9	3.9	0.05%
Dax Index	16,148.6	54.6	0.34%
CAC 40	7,128.6	37.2	0.53%
Hang Seng	25,390.9	0.0	0.00%
Nikkei	29,720.2	-56.6	-0.19%
SPI Futures	7,428.0	-41.0	-0.55%
Commodities	Close	Chg	Pct %
Brent Crude US\$/b	82.05	0.00	0.00%
Spot Gold US\$/oz	1,864.63	1.73	0.09%
Copper COMEX (\$)	4.42	0.02	0.44%
Currencies	Close	Chg	Pct %
AUD / USD	0.7353	0.0007	0.10%
EUR / USD	1.1376	0.0008	0.07%
AUD / GBP	0.5481	0.0003	0.05%
EUR / AUD	1.5470	-0.0004	-0.03%
USD / YEN	114.1680	0.0440	0.04%
Rates	Close	Chg	Pct %
\$A Cash Rate	0.10	0.000	0.00%
\$A 3 Yr Bond	1.03	0.053	5.45%
\$A 10 Yr Bond	1.82	0.055	3.11%
\$US 10 Year Bond	1.60	-0.018	-1.11%
\$US 30 Year Bond	1.99	-0.005	-0.23%
Companies	Close	Chg	Pct %
Apple Inc	150.00	0.01	0.01%
LVMH	720.20	-2.00	-0.28%
Disney	158.43	-1.20	-0.75%
Microsoft	336.07	-0.65	-0.19%
Google	2,987.76	-5.15	-0.17%
JP Morgan	166.56	-0.30	-0.18%
Amazon	3,545.68	20.53	0.58%
Alibaba	166.54	-0.27	-0.16%

## Overnight Highlights

**Joe Biden and Xi Jinping's** virtual summit kicks off at 7:45 p.m. ET, with trade, Taiwan and China's economic practices on the agenda. No breakthrough is expected, but the U.S. is hoping to put "guardrails" on the relationship so things don't worsen. Beijing said it wants a candid exchange of views and an exploration of ways the two countries can get along.

**The U.S. and its European allies** are discussing potential responses if Vladimir Putin takes military action against Ukraine, including fresh sanctions on Moscow and further assistance for Kyiv (Capital of Ukraine), people familiar said. Planning is at an early stage, and would require more talks. The coordinated effort is also aimed at steering Putin away from further aggression.

**Myanmar's junta** added a charge of abuse of power against Aung San Suu Kyi, claiming she and her officials corrupted the November 2020 election that her party won in a landslide. This comes on top of other criminal accusations, including illegally owning walkie-talkies.



**The COP26 summit** has sounded the "death knell" for coal, British Prime Minister Boris Johnson has said, as he defended the deal against charges that it was significantly watered down by last-minute concessions to China and India. Mr Johnson said it was impossible for Britain to force big polluters to cut their carbon emissions, but he insisted that the change in wording from "phasing out" coal to "phasing down" coal does not "make that much difference".

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## GLOBAL MARKET

**U.S. stocks** had a choppy session, with the S&P, Dow and Nasdaq all closing flat or slightly down. Tesla slid, approaching a bear market after tumbling from a record. European equities rose. Ten-year yields increased to about 1.62%, while gold slid, and the dollar gained. U.S. coal costs surged to the highest in more than 12 years. Asian equity futures are in the red.

**BOE Governor Andrew Bailey** said he's "very uneasy about the inflation situation" amid evidence that a shortage of workers will drive up wages. He told U.K. lawmakers that the labour market is looking "tight," but that he wanted to see what happened after the furlough program ended before voting to raise rates. Meanwhile, Tiff Macklem said the Bank of Canada is "getting closer" to hiking rates as slack in the economy dissipates.

Profit upgrades in Europe are on the rise and exceeding those for global peers, according to a Citigroup index, while strategists from Goldman Sachs to UBS Global Wealth Management and Barclays see next year's earnings growth boosting the market further. That's allaying fears about the impact of surging cost inflation and a supply crunch in an equity market that's hovering near record levels. Even after a 22% rally this year, the Stoxx Europe 600 Index trades at a steep discount to the S&P 500.

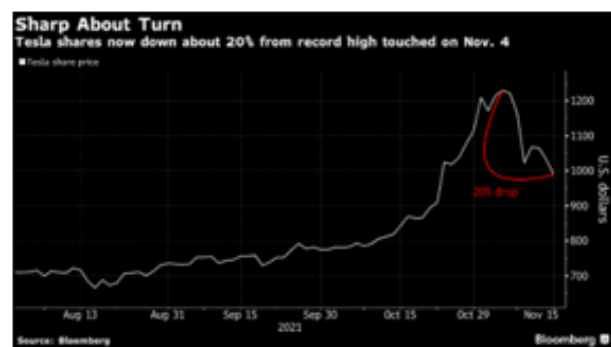


## Quote of the Day

"Never be afraid to sit awhile and think."  
*Lorraine Hansberry*

## Global Equities

**Tesla Inc.** shares are nearing bear market territory after tumbling over the past week as Chief Executive Officer Elon Musk sold a chunk of his stock in the electric vehicle maker and hinted that he may sell more. The shares dropped as much as 5.3% on Monday in New York, retreating more than 20% from the record high of \$1,229.91 touched on Nov. 4. A stock enters a bear market when it falls 20% on a closing basis.



**Kaisa hasn't paid.** The Chinese real estate developer had a total of \$88.4 million of bond coupons due last Thursday and Friday; as of 6 a.m. New York time on Monday, at least some investors hadn't received money, people familiar said. There's now 30 days of grace before a default. The company was the first in its industry to default on dollar bonds in 2015, and has said it faces "unprecedented pressure on its liquidity."

**Newly public companies WeWork and Oatly** reported earnings. The office space company gained after saying its loss narrowed in the third quarter, though sales declined 18% from a year earlier. Oatly fell after it cut its sales outlook for the year, citing supply-chain challenges.

**A majority of insurers** now see climate as an investment risk and are positioning portfolios accordingly, BlackRock's Charles Hatami said. The firm surveyed 362 executives at insurance companies representing \$27 trillion in investable assets. As many as 95% of the respondents said climate risk will have a major impact on how they build their portfolios over the next two years.

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## ASX MARKET

Shares are 0.3 per cent lower in early trade as the materials sector lost 1.1 per cent on softer iron ore prices. The financial sector is down 0.3 per cent with blue chips NAB and CBA opening on the back foot.

The best-performing sector is healthcare, up 0.3 per cent.

Budget jewellery retailer Lovisa is up 5 per cent to \$22.70 after a big valuation upgrade from broker Macquarie.

## GENERAL

- AMP (AMP AU): AMP Adds CSX, Exits SPDR Bloomberg High Yield Bond ETF: 13F; AMP Capital Investors Reports New 1.9% Position in Netstreit
- BHP (BHP AU): BHP's Antamina Mine Resumes Operations After Protests in Peru; Westchester Capital Adds BHP, Exits Willis Towers: 13F
- CBA (CBA AU): LAUNCH: Latitude AU PL 2021-1 A\$500m of Notes, Multi-Part Deal
- Macquarie Group (MQG AU): State Street Cuts Macquarie Infrastructure 1st Time in 5 Qtrs
- Magellan Financial (MFG AU): Magellan Financials' Dividend Forecast Falls 1%
- Santos (STO AU): Beetaloo Basin leaseholder Rallen Australia fights Santos fracking plan: The Australian

## RATING CHANGES

- DGL Group (DGL AU): DGL Group Raised to Buy at Bell Potter; PT A\$3.05

The RBA's November monetary policy meeting minutes show it discussed three possible options for its abandoned yield curve control policy. They were "to continue with the target of 10 basis points for the April 2024 bond; to adjust the target by raising the target yield or shortening its tenor, say, to a bond maturing in 2023; or to discontinue the yield target altogether." The bank said it chose to abandon the target given "faster-than-expected progress towards the Bank's goals and the revised outlook for inflation."

**Telstra** says it has more than 1000 technology-related roles unfilled, as new forecasts from the peak body representing Australia's biggest tech companies show a spiralling sector skills crisis set to get worse. Leading members of the fast-growing technology sector also revealed the extent of their struggles in finding suitable talent, with Culture Amp having more than 100 vacancies, Employment Hero looking for more than 50 staff and smaller operator Marketplacer short of 25 crucial staff members.

**Woodside Petroleum** has secured a \$4.9 billion commitment from a US-based infrastructure giant for its Pluto LNG expansion project, clearing the way for the biggest resources project to be built in the country for almost a decade even as the Glasgow Climate Pact steps up emissions pressures. Global Infrastructure Partners is buying a 49 per cent stake in the \$7.6 billion onshore LNG processing unit to be built at Woodside's Pluto site in Western Australia, which will treat low-carbon gas from the offshore Scarborough field for about 30 years.



**Australian super funds** are reaching a tipping point where more than half of their assets are invested offshore, further increasing the importance of their foreign currency exposures to returns. A survey of 54 super funds with more than \$1.8 trillion of assets conducted by the National Australia Bank revealed that super funds of all sizes had accelerated the shift towards offshore assets as they continued to grow, with the weighting to foreign investments reaching 46.8 per cent from 41 per cent two years ago.

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## OTHER NEWS

**American journalist Danny Fenster is free.** He was sentenced to 11 years of hard labour in Myanmar after spending nearly six months in jail, convicted of spreading false or inflammatory information, contacting illegal organizations, and violating visa regulations. Fenster, managing editor of the online magazine Frontier Myanmar, is on his way home to the Detroit area after being handed over to Bill Richardson, the AP reported. Richardson, a former New Mexico governor and past ambassador to the UN, helped negotiate Fenster's release.



**Does your Christmas list include** a rare copy of the U.S. constitution? It does for one decentralized autonomous organization, dubbed ConstitutionDAO, The Block reported. It's trying to raise \$20 million for one of thirteen surviving copies of the Official Edition of the Constitution that's up for auction at Sotheby's this week. Crypto exchange FTX said it would exchange the cryptocurrency raised by this project into U.S. dollars to make the purchase, assuming the DAO wins the auction.



**Peng Shuai, please call.** Nobody in the tennis world has heard from the Chinese star directly since her account of her rocky affair with former Vice Premier Zhang Gaoli was posted — and then deleted — from Weibo more than a week ago. The Women's Tennis Association wants a probe of the allegations, and its CEO Steve Simon said the group could halt operations in China if there's no action. Retired star Chris Evert expressed concern, and Chinese officials haven't said anything.



**If your workday in Portugal is done,** your boss can no longer email or call you — unless there's an emergency. Lawmakers approved the new rule to support employees' right to switch off as more and more of people work remotely. They also decided that workers with young kids have the right to remote work and said home-working expenses won't be taxed as income.

**This Day in History:** Swiss chemist Albert Hofmann synthesized LSD in 1938 from lysergic acid derivatives as he attempted to create a respiratory stimulant. It was set aside for five years until he re-examined it and accidentally absorbed a small amount through his fingertips, uncovering its effects. Three days later, he intentionally ingested 250 micrograms on what's known as Bicycle Day, because he began to feel the effects riding home on a bike. It was the first intentional LSD trip. But not the last.

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**Chart of the Day:** Supply chains are becoming deflationary. Shipping costs, commodity prices and chip supplies were early drivers of the current inflationary spike. Now, they may be asserting pressure in the opposite direction, according to MLIV's Eddie van der Walt. Shipping costs are falling as seen by a plunge in the Baltic Dry index. It's not enough that supply-chain problems and material shortages remain bad to fuel inflation, they must continue increasing exponentially.

