

## Daily Brief

Friday, 22 October 2021

## Overnight Markets

Equities	Close	Chg	Pct %
Dow Jones	35,603.1	-6.3	-0.02%
S&P 500	4,549.8	13.6	0.30%
Nasdaq	15,215.7	94.0	0.62%
FTSE 100	7,190.3	-32.8	-0.45%
Dax Index	15,472.6	-50.4	-0.32%
CAC 40	6,686.2	-19.4	-0.29%
Hang Seng	26,017.5	-118.5	-0.45%
Nikkei	28,708.6	0.0	0.00%
SPI Futures	7,366.0	-21.0	-0.28%
Commodities	Close	Chg	Pct %
Brent Crude US\$/b	84.61	0.00	0.00%
Spot Gold US\$/oz	1,785.67	2.63	0.15%
Copper COMEX (\$)	4.56	0.00	0.05%
Currencies	Close	Chg	Pct %
AUD / USD	0.7465	-0.0002	-0.02%
EUR / USD	1.1626	0.0003	0.03%
AUD / GBP	0.5412	-0.0002	-0.04%
EUR / AUD	1.5573	0.0007	0.05%
USD / YEN	113.9620	-0.0275	-0.02%
Rates	Close	Chg	Pct %
\$A Cash Rate	0.10	0.000	0.00%
\$A 3 Yr Bond	0.76	0.039	5.44%
\$A 10 Yr Bond	1.81	0.018	1.01%
\$US 10 Year Bond	1.70	0.000	0.00%
\$US 30 Year Bond	2.15	0.000	0.00%
Companies	Close	Chg	Pct %
Apple Inc	149.48	0.22	0.15%
LVMH	659.80	4.40	0.67%
Disney	171.34	0.79	0.46%
Microsoft	310.76	3.35	1.09%
Google	2,855.61	7.31	0.26%
JP Morgan	169.50	-1.34	-0.78%
Amazon	3,435.01	19.95	0.58%
Alibaba	177.42	0.24	0.14%

## Overnight Highlights

**Former US president Donald Trump** on Wednesday announced a deal that would enable him to regain a social media presence after he was kicked off Twitter and Facebook platforms. The former president's new enterprise will be in operation by the first quarter of 2022, according to a press release from the Trump Media and Technology Group. It says it plans to start a social media company called Truth Social. Mr Trump, who has teased that he may run again in 2024 without making a formal announcement, has been banned by major social media companies for his role in stoking the mob that attacked the US Capitol on January 6.



**Pfizer and BioNTech** said a booster shot of their vaccine restored full protection in a large study, results that are likely to bolster the argument for giving a third dose more widely. A booster was 95.6% effective against symptomatic Covid in the study of 10,000 people aged 16 and older. The CDC backed a Moderna booster shot for older and at-risk groups, and a J&J booster for single-shot recipients aged 18 and up.

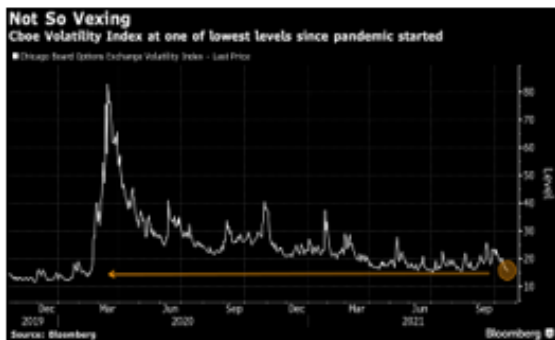
**A group of 43 countries** denounced China's treatment of the Uyghurs at the UN General Assembly's human rights committee. The Western-led group was joined for the first time by developing nations including Turkey, Eswatini and Liberia. China's UN ambassador called the criticism baseless. The U.S., on its own, called for Hong Kong to release people held under the city's national security law.

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## GLOBAL MARKET

**U.S. stocks rose**, hitting a new record, and Treasuries dropped as investors weighed mixed corporate earnings against rising inflation expectations. A late rally pushed the S&P 500 up 0.3%, extending its winning streak to seven days. Five-year yields climbed above 1.23%, the highest since February 2020, with markets now pricing in close to 50 bps of Fed rate hikes by the end of 2022. Ten-year yields rose to around 1.70%. The kiwi and Aussie led declines against the dollar, while the yen advanced.

**The CBOE Volatility Index**, a gauge of implied equity swings for the S&P 500, has dropped to one of the lowest levels since the pandemic began. While some might fear investors are too complacent given risks from inflation, tightening monetary policy and virus variants, others are more upbeat. Investors are embracing the view that U.S. corporate earnings power exceeds Wall Street estimates, taking some of the fear out of the market, DataTrek Research co-founder Nicholas Colas wrote in a note.



**Oil slid** by 1%, the most in two weeks in New York after holding at the highest since 2014 this week. European gas futures fell on speculation that a plunge in Chinese coal prices may temper Asian demand for LNG, freeing up more supplies for Europe. Metals were lower across the board, led by aluminium and palladium.

## Quote of the Day

"Forever - is composed of Nows."  
Emily Dickinson

## Global Equities.

**Oh, Snap!** Shares of the photo-sharing app tumbled as much as 28% postmarket after it reported sales that fell short, dragged down by Apple's ad tracking restrictions. The Snapchat owner also warned that some marketers are pulling back on spending because of global supply chain issues, which will impact its fourth-quarter revenue. Facebook, Twitter, Pinterest and Alphabet all fell too.



**Evergrande's** offshore creditors may seek a standstill and debt talks if the developer fails to make an interest payment by a Saturday grace period deadline, people familiar said. By holding off on demanding money immediately, bondholders could protect the company from a cascade of claims. Another dispute may be building: Hopson said Evergrande demanded substantial changes to their failed deal after it was signed, including to terms of payment, and its reason for backing out lacked substance.

**Johnson & Johnson** had offered \$4 billion to settle its talc powder case months before putting one of its units into bankruptcy. That's twice the amount it's now proposing to pay through a forced resolution, people familiar said. The \$4 billion offer was aimed at ending more than seven years of litigation over claims its iconic baby powder caused different types of cancers.



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## ASX MARKET

The S&P/ASX 200 is down 0.3 per cent in early trade, with the materials sector is 1.9 per cent weaker. BHP Billiton slips 3 per cent, with Rio Tinto falling 3.5 per cent after the iron ore price tumbled 5 per cent in 24 hours.

Qantas is up 4.8 per cent to a 52-week high of \$5.96 after it brought forward plans to reopen popular international flight routes. The tech sector is up 0.7 per cent, with WiseTech advancing 2.4 per cent.

### General:

- BHP (BHP AU): To Test Nickel Ops Emissions Reductions Via Carbon Capture
- Dexus (DXS AU): GIC in Late Stage Talks to Sell Dexus Logistics Fund Stake: AFR
- IOOF Holdings (IFL AU): Proposes to Rebrand to 'Insignia Financial'
- Macquarie Group (MQG AU): Adds Deutsche Bank's Arnold to Financial Sponsors Team
- Rio Tinto (RIO LN): Climate Transition Data on Metals and Mining Firms: BNEF Chart
- Transurban (TCL AU): Gets First Strike Against Remuneration Report

### Rating Changes

- Bluescope (BSL AU): Raised to Outperform at Credit Suisse; PT A\$28.30
- Nitro Software (NTO AU): Rated New Buy at Jarden Securities; PT A\$4.62

**Insurer IAG Group** has told its AGM the first quarter of the financial year has started well and it still expects to grow gross written premiums by the low-single digits in FY 2022. Its insurance margin is still forecast to finish between 13.5 per cent and 15.5 per cent. It said the lockdowns in Australia and New Zealand had reduced motor vehicle claim volumes in a benefit partly offset by claims cost inflation. Despite Victoria's surprise earthquake over the quarter, it said its natural perils allowance of \$765 million for the year remains unchanged.

**Lithium miner Orocobre Ltd** reports it produced a record 67,931 dry metric tonnes of lithium spodumene concentrate from its Mt Cattlin operations in the September quarter, at an average cash unit cost of \$US351 a tonne. From Mt Cattlin it shipped 89,640 tonnes of product over the quarter at an average selling price of \$US779 a tonne for revenue of \$US69.8 million. It said contracted average pricing for the December quarter is almost double that of the September quarter for spodumene concentrate. For lithium carbonate produced from its Olaroz mines in Argentina it said prices are up 200 per cent over the past year.



**Rail operator Aurizon** has announced a \$2.35 billion deal to acquire One Rail Australia from Macquarie Group. Aurizon said it would fund the cost from existing and new debt facilities. Aurizon's chief executive Andrew Harding said: "The One Rail acquisition is highly strategic and transformative for Aurizon. It is fully aligned with Aurizon's strategy to grow our Bulk freight business into new markets and new geographies in Australia over the coming decade. The One Rail acquisition delivers a step change for Aurizon Bulk as a new entrant in the SA and NT region, and supports the ongoing growth of non-coal revenue in the Aurizon portfolio."

**Qantas** will start flying to Delhi from Sydney in early December and is bringing forward flights to other destinations such as Singapore, Fiji and South Africa to meet demand from travellers, who will not have to quarantine in NSW from November 1 if they are vaccinated.

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## OTHER NEWS

**Tencent Sports** the Chinese broadcaster and NBA partner will no longer broadcast Boston Celtics games after the team's centre Enes Kanter shared posts voicing support for Tibet's independence movement. Tibet was seized by China in 1950, and in the following decades the "Free Tibet" movement grew around the world, spearheaded by the Dalai Lama. The outspoken centre's pro-Tibet message referred to Xi Jinping as a "brutal dictator" and criticized China's rule in the region in an almost three-minute video. Kanter was "grandstanding" to "draw eyeballs," Chinese Foreign Ministry spokesman Wang Wenbin said. Now those eyeballs are left wondering where to catch the next game.



**This Day in History:** In 1797, daredevil André-Jacques Garnerin dropped from 3,000 feet and safely hit the ground, becoming the first person to successfully use a parachute. While the landing was rough, he went on to complete a further 200 jumps, including one from 8,000 feet. The idea came to him while he was fantasizing about how to escape from prison during the French revolution.

**Exxon Mobil** restarted work on a planned 1 million-ton-a-year carbon capture project in Wyoming. The LaBarge expansion will cost about \$400 million, and operations could begin in 2025, two years later than previously proposed. Exxon currently captures as much as 7 million tons a year of CO<sub>2</sub> at the location, making it one of the biggest carbon capture facilities in the world.



**South Korea** will launch a home-developed Nuri rocket, showcasing a leap in aerospace technology that can be used for both commercial and military purposes. Lift-off is set for about 4 p.m. local time from the Naro Space Centre. South Korea, which doesn't have nuclear weapons, sees the program as bolstering its competitiveness in 6G communications and helping it catch up to rival North Korea.

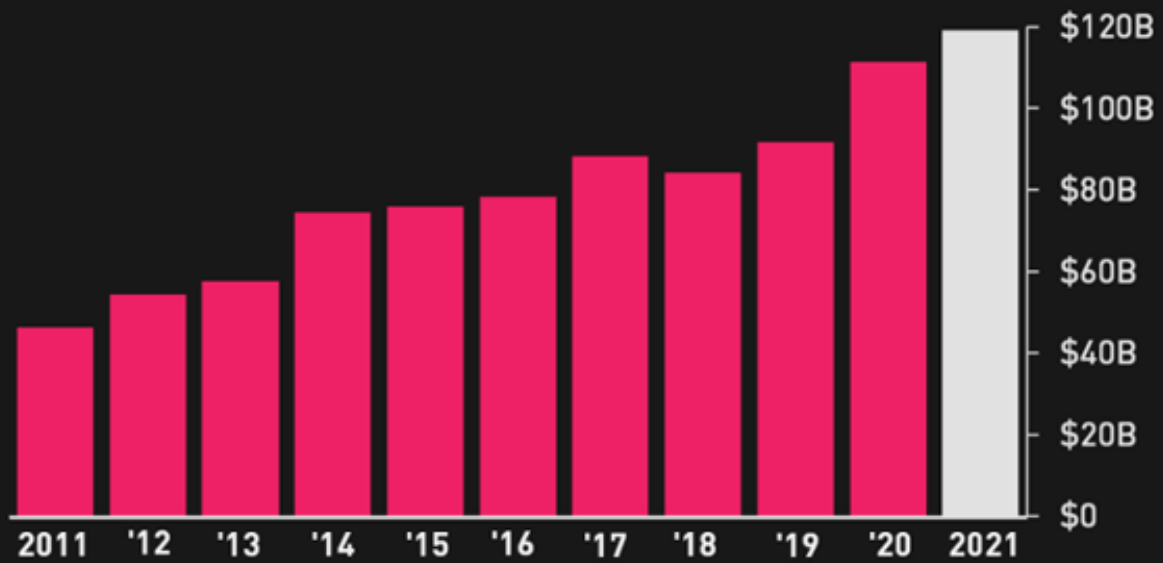
**To find the biggest money maker** at Deutsche Bank, you need to travel to Singapore. There, Chetankumar Shah, a low-profile banker in his early 50s, runs a team that pulls in an estimated 3 billion euros annually. He may not be a household name, but that accounts for about a third of revenue for the entire investment-banking division, people familiar said.

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**Chart of the Day:** Shoppers looking for Apple devices this holiday season are facing a chilly reality: Most everything they might want to buy will take weeks to arrive. Orders for the newest products — including the iPhone 13, Apple Watch Series 7 and MacBook Pro — won't be fulfilled until November or December. And while the company is expected to generate nearly \$120 billion in the final quarter, navigating the supply crunch is the "elephant in the room," said Wedbush's Dan Ives.

### HOLIDAY HOPES

Apple revenue in last quarter of calendar year



Sources: Bloomberg, company reports

Bloomberg