

## Daily Brief

Friday, 24 September 2021

## Overnight Markets

Equities	Close	Chg	Pct %
Dow Jones	34,764.8	506.5	1.48%
S&P 500	4,449.0	53.3	1.21%
Nasdaq	15,052.2	155.4	1.04%
FTSE 100	7,078.4	-5.0	-0.07%
Dax Index	15,644.0	137.2	0.88%
CAC 40	6,702.0	65.0	0.98%
Hang Seng	24,511.0	289.4	1.19%
Nikkei	29,639.4	0.0	0.00%
SPI Futures	7,356.0	8.0	0.11%
Commodities	Close	Chg	Pct %
Brent Crude US\$/b	77.25	0.00	0.00%
Spot Gold US\$/oz	1,746.89	4.58	0.26%
Copper COMEX (\$)	4.23	0.00	0.00%
Currencies	Close	Chg	Pct %
AUD / USD	0.7302	0.0008	0.11%
EUR / USD	1.1746	0.0008	0.07%
AUD / GBP	0.5319	0.0001	0.03%
EUR / AUD	1.6087	-0.0004	-0.03%
USD / YEN	110.2895	-0.0355	-0.03%
Rates	Close	Chg	Pct %
\$A Cash Rate	0.10	0.000	0.00%
\$A 3 Yr Bond	0.29	0.043	17.70%
\$A 10 Yr Bond	1.37	0.103	8.16%
\$US 10 Year Bond	1.43	-0.003	-0.23%
\$US 30 Year Bond	1.94	0.000	0.00%
Companies	Close	Chg	Pct %
Apple Inc	146.83	0.98	0.67%
LVMH	653.70	11.80	1.84%
Disney	176.25	2.60	1.50%
Microsoft	299.56	0.98	0.33%
Google	2,836.53	17.76	0.63%
JP Morgan	161.18	5.27	3.38%
Amazon	3,416.00	35.95	1.06%
Alibaba	151.19	-0.70	-0.46%

## Overnight Highlights

**Boris Johnson** talked up a trade deal with the U.S. as one of the major prizes of his campaign for Brexit. Sitting in the Oval Office on Tuesday, it was clear the U.K. leader has little hope of delivering it. "We're going to talk a little bit about trade today and we're going to have to work that through," U.S. President Joe Biden told reporters at the start of his meeting with Johnson, when asked about the prospects for an agreement.



**The Biden administration** is considering invoking a Cold War-era national security law to force companies in the semiconductor supply chain to provide information on inventory and sales of chips, Commerce Secretary Gina Raimondo said. The goal is to alleviate bottlenecks that have idled U.S. car production and caused shortages of consumer electronics and to identify possible hoarding.

**Europe's** energy crisis could drag on because Russia is unlikely to boost natural gas exports until at least November, analysts said. Gazprom is producing the most gas in more than a decade for this time of year, but it's focusing on replenishing Russian reserves.



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## GLOBAL MARKET

**U.S. stocks surged** and bonds plunged as investors welcomed the Fed's bullish outlook and downplayed China's turmoil. The S&P 500 had its best two-day stint since July. Yields jumped worldwide after the BOE moved closer to lifting rates, with 10-year Treasuries up 13 bps to 1.43%. The dollar fell against every G-10 peer save the yen, with the loonie helping to pace gains. Oil rose, with Brent closing at the highest since October 2018, while gold retreated. Hang Seng futures are slightly in the red; Japanese markets return from holiday.

**The flood of cash** into ESG investments has bypassed renewable-energy shares this year, leaving them among 2021's few losers. But Sunday's German elections and next month's global climate change conference, COP26, could revive interest in the greenest stocks. The European Renewable Energy index remains 25% below its January peak. For 2021, the index has dropped around 15%, compared to a 16% gain for the MSCI Europe ESG Leaders index in euros.



**U.S. household net worth** climbed 4.3% to a record \$141.7 trillion in the second quarter, thanks to a healthy stock market and the largest-ever gain in the value of real estate holdings. The \$5.8 trillion increase included \$3.5 trillion from equities and \$1.2 trillion from property. Net private savings grew at an annualized pace of almost \$2.9 trillion.

## Global Equities.

**Chinese regulators told Evergrande** to avoid a near-term default on dollar bonds, and to focus on completing unfinished projects and repaying individual investors. Beijing also told local agencies and SOEs to prepare for the company's downfall, the WSJ reported. They must prevent unrest and mitigate the ripple effect on home buyers and the broader economy. The developer had an \$83.5 million coupon due Thursday, with a 30-day grace period. Two holders said they hadn't received payment as of 5 p.m. Hong Kong time. Its EV unit has missed salary payments to some employees and has fallen behind on paying several suppliers for factory equipment, people familiar said.

**Dell** jumped after forecasting annual revenue growth of 3% to 4% through 2026 and announcing a \$5 billion share buyback plan, which'll go into effect in November after it completes its VMware spinoff. The company also said it plans to initiate a quarterly dividend in the fiscal 2023 first quarter, targeting an annual dividend of about \$1 billion.



**Carnival Cruise Line** rose after saying it expects to have more than half of its fleet capacity sailing again by late October, with capacity up to 65% by the end of the year. The company reports earnings before the bell Friday.



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## ASX MARKET

Australian shares have seesawed at the open despite a strong performance from the energy sector, as Brent crude nears a three-year high. The S&P/ASX 200 Index is down 1.7 points, or 0.02 per cent, to 7368.5.

Centuria Industrial REIT was down 6.7 per cent to \$3.74 at the open while Regis Resources had dipped 4.6 per cent to \$1.96 and Evolution Mining was down 4 per cent to \$3.61.

Santos was leading the gains, rising 3.9 per cent to \$6.74 while Woodside Petroleum was up 2.9 per cent to \$22.42 and Whitehaven Coal had firmed 2.3 per cent to \$3.18.

Computershare was trading 3.8 per cent higher at \$17.57 and Brickworks was up 3.1 per cent to \$25.83

### General:

- Arafura Resources (ARU AU): Automakers Look to Hedge Against China Rare Earth Dominance
- BHP (BHP AU): The Energy Revolution Is Going to Need Better Batteries; Top Copper Producers Show Some Love for Peru's Leftist Leader
- Boart (BLY AU): Upgraded to B- by S&P, Outlook Stable
- Challenger (CGF AU): Apollo to Ramp Up Hiring in Asia with Focus on Hybrid Financing
- Fortescue (FMG AU): Outback-to-Singapore Solar Power Bid Clears Indonesia Hurdle

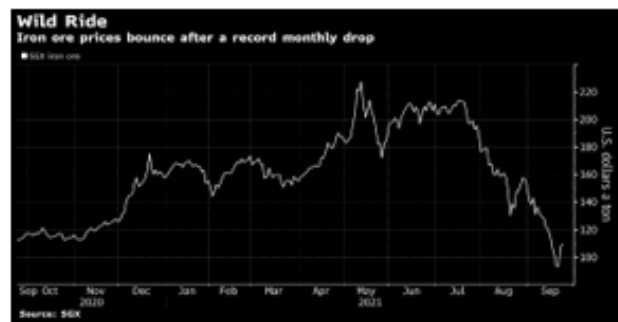
### Rating Changes:

- Adacel (ADA AU): Adacel Raised to Buy at Bell Potter; PT A\$1.50
- Premier Investments (PMV AU): Premier Investments Raised to Buy at Bell Potter; PT A\$31.25
- Sandfire (SFR AU): Raised to Outperform at RBC; PT A\$7.50

**APA Group's** proposed \$10 billion takeover of AusNet Services would create a \$35 billion "flagship" Australian energy infrastructure business able to fast-track long-term growth opportunities in the transitioning energy market, according to the gas pipeline owner. In its first presentation of the numbers behind its surprise move to take on Canadian giant Brookfield in a battle for transmission grid owner AusNet, APA said the combined business would provide immediate opportunities to expand AusNet's electricity business and fast-track connection projects for new wind and solar farms.



**Iron ore extended gains** above \$100 a metric ton as traders expected China's peak autumn demand to support the steelmaking raw material's rebound. Iron ore's rebound comes after it was hammered by China's curbs on steel output, alongside a property crackdown and concerns about a power shortage. That pushed it down more than 60% from a record in May. There are also mounting concerns about demand for industrial metals as the power crunch starts to hit major manufacturing hubs.



**John Elliott** the buccaneering Melbourne businessman has died in hospital, after being admitted for around-the-clock care following a recent fall.

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## OTHER NEWS

**Puppy love.** The finance industry's return to work is bringing with it confusion, anxiety, and new methods to ease the transition. Citi workers in London were greeted by therapy puppies this month and JPMorgan is offering virtual group therapy. Coming back can be a tough adjustment: Some junior bankers are griping about their first-ever experiences commuting. It's a new world.



**Charcuterie boards** aren't just for meat and cheese anymore. Long a common feature of social gatherings, the platters garnered fresh attention in the past 18 months as people sought to elevate their at-home snacks. Nachos, candy, even Barkuterie boards with dog treats are a thing. No kidding.



**On This Day in History:** The Judiciary Act of 1789 set out the structure and power of the federal court system and created an attorney general. It established that the Supreme Court would be composed of one chief justice and five associate justices, nominated by the president, and approved by the Senate. The number of sitting justices changed six times before settling on the current total of nine in 1869.

**The committee** investigating the Jan. 6 attack on the Capitol subpoenaed four of Donald Trump's closest allies, including Steve Bannon and Mark Meadows. In letters transmitting the subpoenas, the committee said it was seeking information about Mr. Trump's actions in the run-up to and during the riot.

**Volvo** is among the few car brands to say it won't offer leather, even as an option, in any vehicle. The shift will begin next year with its C40 Recharge, a plug-in electric SUV. It'll continue until 2030, when Volvo's all-electric line-up will entirely phase out leather. The vegan leather market is expected to grow to €73 billion in value by 2025, according to Infinium Global Research.

**Hey, all you cool cats and kittens.** The first series may have felt like an early pandemic fever dream, but a Tiger King 2 is coming this year, Netflix announced. The original series garnered views from 64 million households in the first four weeks.



**So-called zombie companies** have expanded by 9% globally in the past decade, in part because loose monetary policy has allowed them to keep rolling over debts, a study by consulting firm Kearney found. Some 7.4% of the 67,000 listed firms examined were in the property sector, while 5.9% were in the health care field. Zombies have been on the rise since the last financial crisis, but the pandemic looks likely to have bolstered their ranks.

## Quote of the Day

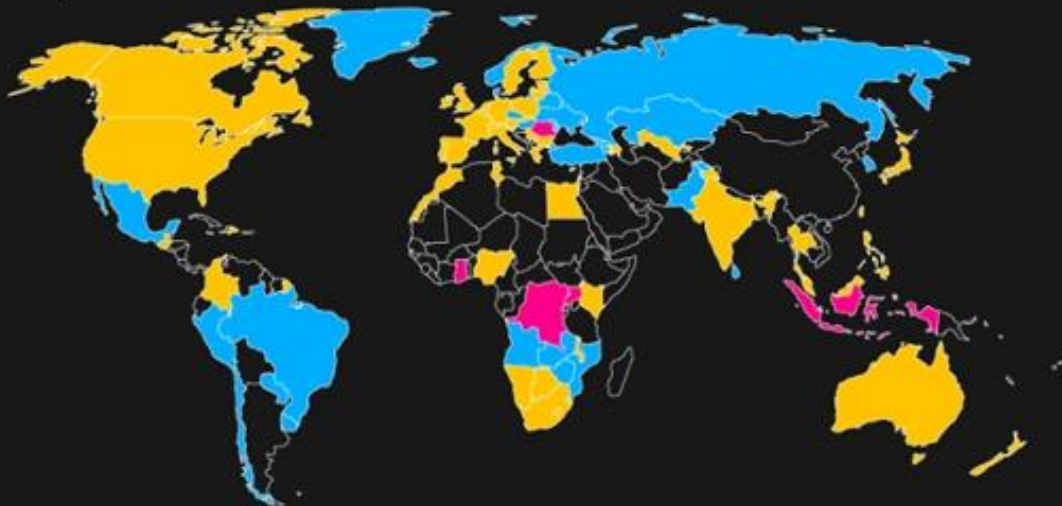
"Divide each difficulty into as many parts as is feasible and necessary to resolve it." *Rene Descartes*

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**Chart of the Day:** Norway delivered the first post-crisis interest-rate increase among the G-10, raising its benchmark by 25 bps from zero. Officials signalled the next increase will "most likely" happen in December. Turkey unexpectedly cut rates 100 bps to 18%, heeding President Erdogan's earlier promise of cheaper borrowing costs. The SARB and BOE stood pat, but both struck a more hawkish tone, suggesting rate hikes might not be too far off.

### RATE HIKE CLUB

- Policy rate unchanged this year
- Policy rate cut
- Policy rate increased



Source: Bloomberg. Note: Mapped data show rate changes for distinct central banks.