

# Morning Report

Tuesday, 30 June 2009

EQUITIES (close & % chg)			SYDNEY FUTURES EXCHANGE (close & chg)					INTEREST RATES (close & chg)		
S&P/ASX 200	3886.9	-0.4%			Last	Overnight Chg		Australia		
Dow Jones	8529.4	1.1%	10 yr bond	94.53		0.00		10 year bond	5.59	-0.01
Nikkei	9783.5	-1.0%	3 yr bond	95.28		0.00		3 year bond	4.53	-0.14
Hang Seng	18528.5	-0.4%	3 mth bill	96.77		-0.02		90 day bill	3.25	0.00
Shanghai	2975.3	-3.2%	SPI 200	3893		41		United States		
DAX	4885.1	2.3%	FX Last 24 hrs	Open	High	Low	Current	10 year bond	3.48	-0.06
FTSE100	4294.0	1.3%	TWI	64.4	-	-	64.0	2 year bond	1.10	-0.01
COMMODITIES (close & chg)			AUD/USD	0.8065	0.8098	0.7981	0.8073	3-month T Bill	0.18	0.01
CRB Index	254.3	3.0	AUD/JPY	76.82	77.76	76.11	77.56	Other (10 year yields)		
Gold	937.20	-2.90	AUD/GBP	0.4887	0.4893	0.4850	0.4876	Germany	3.37	-0.02
Copper	5100	80	AUD/NZD	1.2504	1.2500	1.2379	1.2403	Japan	1.39	-0.01
Oil (WTI)	71.49	2.69	AUD/EUR	0.5735	0.5744	0.5702	0.5736	UK	3.61	-0.08

Data as at 7.30am. Change from Friday morning (excluding the SFE – which is the change during the night session).  
Source: Reuters/Bloomberg

**SHARE MARKETS:** US stocks rebounded strongly as the much higher oil price boosted energy stocks. Financials were also a key driver of the market on growing expectations that the US recession is improving. At session end, the S&P500 was 0.9% higher, the Dow Jones Index up by 1.1% while the Nasdaq edged 0.3% higher.

**BONDS:** US treasuries pushed higher (yields falling) ahead of the end of the June quarter. Treasuries also rose after Chinese central bank Governor Zhou Xiaochuan said that China is sticking with its foreign-currency reserve policy for now. 10-year yield dropped 6bp to 3.48%, after touching 3.45% (the lowest level since May 29). The 2-year yield is a slight 1bp lower.

**FX:** The Greenback is stronger against the Japanese Yen but slightly weaker against the Euro and Sterling. The Australian dollar is trading around 80.70 US cents, which is very little changed from 24 hours ago.

**COMMODITIES:** Crude oil surged almost \$US3 overnight to now trade at \$US71.50 per barrel. Earlier, it had moved above \$US73 per barrel. Oil was pushed higher by reports of new rebel attacks on oil systems in Nigeria and the rally in equity markets.

**UNITED STATES:** Chicago Fed's National Activity index deteriorated modestly from -2.27 in May to -2.30 in June. But the Dallas Fed's manufacturing index improved to -20.4% from -21.5%.

**AUSTRALIA:** There was no major data released yesterday locally.

**EUROZONE:** The business climate indicator in June improved to -2.97, from -3.11.

**CHINA:** The People's Bank of China (PBoC) has said that the Chinese economy is showing signs of stabilisation and that its performance is better than the March quarter. When asked if China could reach its 8

per cent growth target this year, Central Bank Governor Zhou Xiaochuan said that, "If there is no major issue internationally, China's (economy) should be better in the third and fourth quarters. Under this situation...[it] could reach its earlier set target."

**JAPAN:** Japanese industrial output surged 5.9% in May. It marked the third consecutive month of increases.

**NEW ZEALAND:** Trade surplus expanded from \$318.7mn to \$858.0mn in May. Building permits lifted by 3.5% in May, after a sharp 11.9% jump in April. Both the trade and building permits data are providing some tentative signs that the New Zealand downturn may no longer be intensifying.

**UNITED KINGDOM:** UK houses held their value for a second straight month in June, according to Hometrack. From a year ago, however, values are down 8.7%.

## Upcoming Data/Events Today, AEST (Aust underlined)\*

UK GfK Consumer Confid. Jun exp -25 prev -27 (9.01am)  
 JN Jobless Rate May exp 5.2% prev 5.0% (9.30am)  
AU HIA New Home Sales May prev +0.5% (11am)  
AU Private Credit May exp +0.2% prev+0.1% (11.30am)  
 NZ NBNZ Business Confid. Jun prev 1.9 (1pm)  
 UK GDP (final) Q1 exp -2.1% prev -1.9% (6.30pm)  
 EZ CPI Jun exp -0.2% prev 0.0% (7pm)  
 US S&P Hse Ps Apr exp -18.8% y/y prev -18.7% (11pm)  
 US Chicago PMI Jun exp 39.0 prev 34.9 (11.45pm)  
 US Consumer Confidence Jun exp 55.2 prev 54.9 (12am)

\* All data forecasts are m/m or q/q unless specified otherwise. Forecasts for Australian data releases are based on St George Bank's forecasts. Forecasts for other countries represent consensus forecasts.

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