

# Friday August 5, 2022

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## Latest news

\* **In US economic data**, the trade deficit fell from US\$84.9 billion to US\$79.6 billion in June (survey: US\$80.1bn). According to Challenger, job cuts totalled 25,810 in July, down from 32,517 in June. New claims for unemployment insurance (jobless claims) rose by 6,000 to 260,000 in the past week (survey: 259,000).

\* **European sharemarkets** lifted on Thursday. Positive quarterly profit results provided support while investors digested the latest UK rate decision. The Bank of England raised interest rates by 50 basis points to 1.75%, the most in 27 years. At the same time the BoE warned about the potential for recession predicting a 2.1% fall in output from highs. Lufthansa rose 6.4% as it forecast a return to group operating profit for the full year. The pan-European STOXX 600 index rose by 0.2%. The German Dax index rose by 0.6% and the UK FTSE index rose by less than 0.1%. In London trade, shares of Rio Tinto rose 0.7% while BHP shares rose by 0.6%.

\* **US sharemarkets** were mixed on Thursday ahead of the release of pivotal jobs data. The energy sector fell 3.6% in response to a lower oil price. Banks fell 1.2% but technology shares rose with Advanced Micro Devices up 5.9% and Amazon up 2.2%. The Dow Jones index fell by 86 points or 0.3%. The S&P 500 index fell by 0.1% and the Nasdaq index lifted by 52 points or 0.4%.

\* **US treasuries** were firmer on Thursday (yields lower) as the Bank of England raised interest rates but flagged a likely recession. US 10-year yields fell by 9 points to near 2.66%. And US 2-year yields fell by 9 points to near 3.02%.

\* **Major currencies** were generally firmer against the US dollar in European and US trade. The Euro rose from lows near US\$1.0155 to around US\$1.0250 and was near US\$1.0245 at the US close. The Aussie dollar held between US69.45 cents and US69.85 cents and was near US69.70 cents at the US close. And the Japanese yen rose from near 134.40 yen per US dollar to JPY132.80 and was near the strongest levels at the US close.

\* **Global oil prices** fell by around 2.5% on Thursday with prices at the lowest levels since the Russian invasion of Ukraine. According to a Reuters report, Saudi Arabia and the UAE are ready to deliver a "significant increase" in oil output should the world face a severe supply crisis this winter. The Brent crude price fell by US\$2.66 or 2.7% to US\$94.12 a barrel. And the US Nymex crude price fell by US\$2.12 or 2.3% to US\$88.54 a barrel.

\* **Base metal prices** rose by between 0.6-5.5% on Thursday as a weaker US dollar boosted the spending power of metal consumers in Europe and Asia. Zinc was up the most and copper was up the least. The exception was nickel, down 0.6%.

\* The **gold futures** price rose by US\$30.50 an ounce or 1.7% to US\$1,806.90 an ounce. **Spot gold** was trading near US\$1,792 an ounce at the US close. The **iron ore futures** fell by US\$3.88 or 3.5% to US\$106.50 a tonne.

**Ahead:** In Australia, the Reserve Bank issues its Statement on Monetary Policy. In the US, non-farm payrolls (employment) data is released with consumer credit.

## Latest Prices

	Level	chg	% chg
US Dow Jones	32726.82	-85.68	-0.3
US S&P500	4151.94	-3.23	-0.1
US Nasdaq	12720.58	+52.421	0.4
UK FTSE	7448.06	+2.38	0.0
German Dax	13662.68	+75.12	0.6
Toronto Composite	19577.04	+31.1	0.2
ASX24 Futures (night)	6893	+8	0.1
ASX200 (yesterday)	6974.90		
Shanghai (yesterday)	3189.04	+25.365	0.8
Japan Nikkei (y'day)	27932.2	190.30	0.7
JHX ADRs	25.25	+0.05	0.2
BHP ADRs	53.13	-0.12	-0.2
Rio Tinto (UK) pence	4830.50	+31.5	0.7
BHP (UK) pence	2185.93	+13.5	0.6
US Volatility (Vix)	21.53		-1.9
Volume traded: NYSE (million)		854.16	
	<u>Current</u>	<u>Aust 4pm</u>	
AUD/USD	0.6969	0.6959	
EUR/USD	1.0244	1.0161	
USD/JPY	132.91	134.06	
GBP/USD	1.2162	1.2143	
NZD/USD	0.6298	0.6291	
AUD/NZD	1.1058		
AUD TWI 4pm	62.8		
Oil Brent (\$US/b)	94.12	-2.66	-2.7%
Oil Nymex (\$US/b)	88.54	-2.12	-2.3%
Oil Tapis (\$US/b)	112.58	-3.23	-2.8%
Spot Gold (\$US/oz)	1791.81		
Gold futures (\$US/oz)	1806.90	30.50	1.7%
Bitcoin (\$US)	22474.94		
Iron Ore futures (\$US/t)	106.50	-3.88	-3.5%
Thermal coal (\$US/t)	385.00	-8.50	-2.2%
Coking coal (CNY/t)	2400		
Uranium, weekly (\$US/lb)	48.50	1.75	3.7%
US 10 year (%)	2.672	-0.08	
US 2 year (%)	3.0305	-0.08	
Aust 10 year (%)	3.11	-0.06	
Aust 3 year (%)	2.84	-0.05	
Aust 90 day futures	97.38	Impl.yld:	2.62%
Aluminium (\$US/t)	2408.26	28.41	1.2%
Copper (\$US/t)	7720.20	48.45	0.6%
Lead (\$US/t)	2042.50	20.00	1.0%
Nickel (\$US/t)	22137.00	-137.75	-0.6%
Zinc (\$US/t)	3576.50	187.50	5.5%
Tin (\$US/t)	24760.25	305.25	1.2%

Sources: Bloomberg; CME Group; Refinitiv.

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