

## Financial markets charts

### The week that was

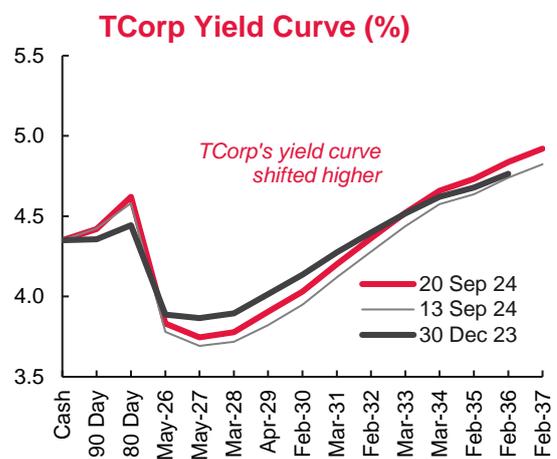
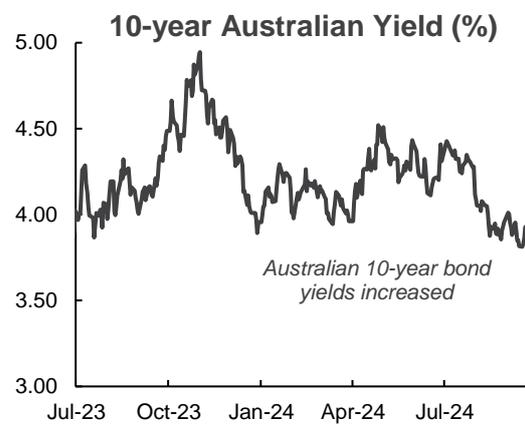
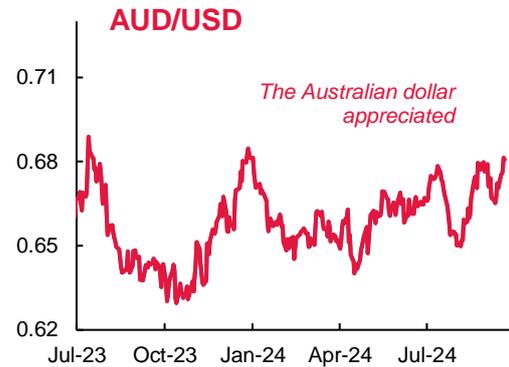
- The US Federal Reserve (Fed) cut rates by 50bps, the first rate cut this cycle. Fed Chair Jerome Powell noted that the larger rate cut was to prevent a further weakening of the labour market and to increase the chances of a soft landing in the US economy, rather than the Fed being concerned about a deeper downturn. This drove US equities higher, with the S&P500 gaining 1.4%.
- Moves in US bond yields were fairly muted, with US 2-year yields ending the week little changed, and 10-year yields up 9bps. This indicates that investors considered a 50bps cut as the most likely outcome.
- Looking ahead, Fed policymakers expect to cut rates much more aggressively now compared to 3 months ago, with another 50bps of rate cuts anticipated before the end of this year, followed by 100bps in 2025 and 50bps in 2026 (to 2.875%). Investors are expecting rates to fall faster, and further than the Fed is projecting.
- After cutting rates for the first time in August, the Bank of England (BoE) kept rates on hold last week, as expected. The BoE signaled a cautious and gradual approach to rate cuts going forward.
- Locally, employment growth exceeded expectations again in August and the unemployment rate was unchanged at 4.2%. Although Australia's labour market remains tight, it is gradually loosening and leading indicators suggest this will continue.
- The strong labour market data and positive risk sentiment saw the Australian dollar rise by 1.5% against the US dollar, to be back around US\$0.68.

### Economic calendar

|                            |  |
|----------------------------|--|
| <b>Monday<br/>23/09</b>    | Global: PMIs, Sep (prelim)                                 |
| <b>Tuesday<br/>24/09</b>   | AU: RBA policy decision<br>GE: IFO Business survey, Sep    |
| <b>Wednesday<br/>25/09</b> | AU: CPI, Aug<br>Sweden: Central bank decision              |
| <b>Thursday<br/>26/09</b>  | US: GDP, Jun qtr (third release)<br>AU: Job vacancies, Aug |
| <b>Friday<br/>27/09</b>    | US: Core PCE deflator, Aug<br>JP: Tokyo CPI, Sep           |

### The week ahead

- The Reserve Bank of Australia is expected to leave interest rates unchanged, with emphasis on the accompanying commentary. Monthly inflation and job vacancies data will provide updated reads on price pressures and the labour market.
- In a quieter week offshore, US inflation and preliminary global PMIs will be the focus. Sweden's central bank is expected to cut rates by 25bps – the third rate cut for this cycle.



## Financial markets data: Week ending 20 September 2024

| INTEREST RATES                          | CLOSE (%)        | 1 WEEK (BPS)        |   | YTD (BPS)        |    |
|---|------------------|---------------------|---|------------------|----|
| RBA Cash Rate                           | 4.35             | 0                   | – | 0                | –  |
| 90-day BBSW                             | 4.42             | 0                   | ▼ | 6                | ▲  |
| 3-year Australian Bond Yield            | 3.51             | 8                   | ▲ | -10              | ▼  |
| 10-year Australian Bond Yield           | 3.92             | 10                  | ▲ | -4               | ▼  |
| 20-year Australian Bond Yield           | 4.44             | 10                  | ▲ | 20               | ▲  |
| 10-year Australian Break-Even Inflation | 2.32             | 8                   | ▲ | -26              | ▼  |
| 10-year Australian Real Yield           | 1.60             | 2                   | ▲ | 22               | ▲  |
| Fed Funds Rate (lower bound)            | 4.75             | -50                 | ▼ | -50              | ▼  |
| 2-year US Treasury Yield                | 3.59             | 1                   | ▲ | -66              | ▼  |
| 10-year US Treasury Yield               | 3.74             | 9                   | ▲ | -14              | ▼  |
| 30-year US Treasury Yield               | 4.08             | 10                  | ▲ | 6                | ▲  |
| 10-year German Bund Yield               | 2.21             | 6                   | ▲ | 18               | ▲  |
| <b>NSW TCorp Bonds</b>                  | <b>Close (%)</b> | <b>1 Week (bps)</b> |   | <b>YTD (bps)</b> |    |
| 4.00% 20 May 2026                       | 3.83             | 5                   | ▲ | -5               | ▼  |
| 3.00% 20 May 2027                       | 3.75             | 5                   | ▲ | -12              | ▼  |
| 3.00% 20 March 2028                     | 3.78             | 6                   | ▲ | -12              | ▼  |
| 3.00% 20 April 2029                     | 3.91             | 8                   | ▲ | -11              | ▼  |
| 3.00% 20 February 2030                  | 4.03             | 8                   | ▲ | -11              | ▼  |
| 2.00% 20 March 2031                     | 4.20             | 8                   | ▲ | -7               | ▼  |
| 1.50% 20 February 2032                  | 4.36             | 8                   | ▲ | -4               | ▼  |
| 2.00% 8 March 2033                      | 4.52             | 8                   | ▲ | 0                | ▲  |
| 1.75% 20 March 2034                     | 4.66             | 8                   | ▲ | 4                | ▲  |
| 4.75% 20 February 2035                  | 4.73             | 10                  | ▲ | 5                | ▲  |
| 4.25% 20 February 2036                  | 4.84             | 10                  | ▲ | 7                | ▲  |
| 4.75% 20 February 2037                  | 4.92             | 10                  | ▲ | --               | -- |
| 2.75% 20 November 2025 CIB              | 1.52             | 0                   | – | 46               | ▲  |
| 2.50% 20 November 2035 CIB              | 2.29             | 3                   | ▲ | 22               | ▲  |
| 10-year NSW TCorp Bond Yield            | 4.68             | 9                   | ▲ | 12               | ▲  |
| 10-year TCV (Victoria) Spread           | 0.07             | 0                   | – | -4               | ▼  |
| 10-year QTC (Queensland) Spread         | -0.01            | 0                   | ▼ | 7                | ▲  |
| <b>Equities</b>                         | <b>Close</b>     | <b>1 Week</b>       |   | <b>YTD</b>       |    |
| S&P/ASX200 (Australia)                  | 8,209            | 1.4%                | ▲ | 8.1%             | ▲  |
| S&P500 (US)                             | 5,703            | 1.4%                | ▲ | 19.6%            | ▲  |
| FTSE 100 (UK)                           | 8,230            | -0.5%               | ▼ | 6.4%             | ▲  |
| DJ Stoxx600 (Europe)                    | 514              | -0.3%               | ▼ | 7.4%             | ▲  |
| Nikkei 225 (Japan)                      | 37,724           | 3.1%                | ▲ | 12.7%            | ▲  |
| Shanghai Composite (China)              | 2,737            | 1.2%                | ▲ | -8.0%            | ▼  |
| <b>Currencies</b>                       | <b>Close</b>     | <b>1 Week</b>       |   | <b>YTD</b>       |    |
| AUD/USD                                 | 0.681            | 1.5%                | ▲ | -0.1%            | ▼  |
| EUR/USD                                 | 1.116            | 0.8%                | ▲ | 1.1%             | ▲  |
| USD/JPY                                 | 143.85           | 2.1%                | ▲ | 2.0%             | ▲  |
| GBP/USD                                 | 1.33             | 1.5%                | ▲ | 4.6%             | ▲  |
| US\$ Index                              | 100.72           | -0.4%               | ▼ | -0.6%            | ▼  |
| <b>Commodities</b>                      | <b>Close</b>     | <b>1 Week</b>       |   | <b>YTD</b>       |    |
| Brent Oil (US\$/bbl)                    | 74.49            | 4.0%                | ▲ | -3.3%            | ▼  |
| Iron Ore (US\$/t)                       | 91.97            | -0.7%               | ▼ | -32.6%           | ▼  |
| Coking Coal (US\$/t)                    | 151.34           | -12.0%              | ▼ | -45.1%           | ▼  |
| Gold (US\$/oz)                          | 2,621.88         | 1.7%                | ▲ | 27.1%            | ▲  |

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