

The week that was

- The reopening of economies worldwide has continued to support investor sentiment over the week. Equity markets all recorded gains, with Australian banks paring back some of their recent losses due to the central part they will play in the local recovery.
- Construction activity fell by 1% in the March quarter while business investment declined by -1.6%. These were more modest falls than analysts feared and as a result they tended to revise higher their estimates for GDP growth. Investment plans for the remainder of this financial year dropped 4% while intentions for the year ahead slumped 8.8% compared to the previous estimate.
- RBA Governor Lowe views the Australian economy as tracking slightly better than the baseline case released in the May Statement on Monetary Policy. That said, he pointed out the road back to full employment will be a long and challenging process.
- US President Trump threatened to retaliate on China's tightening of security laws in Hong Kong, although no harsh measures have yet been set. That said, the US no longer recognises Hong Kong as autonomous from China, paving the way for potential tariffs and sanctions.

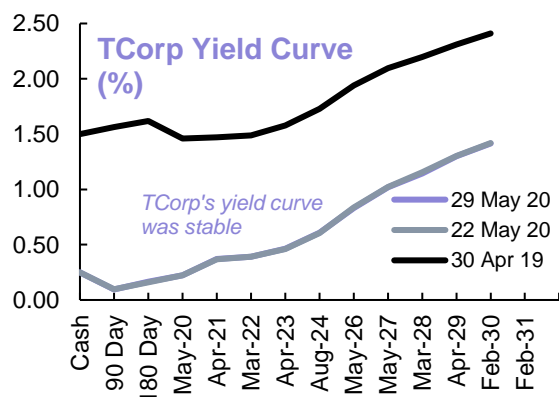
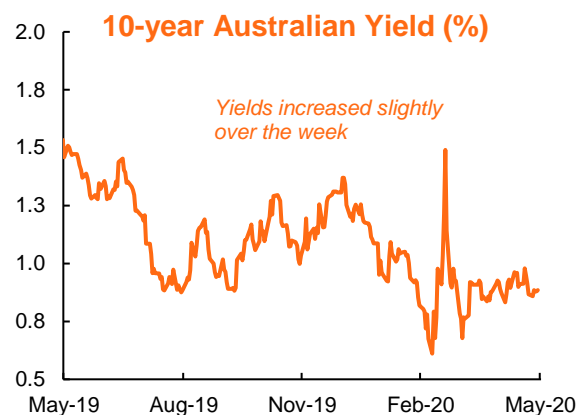
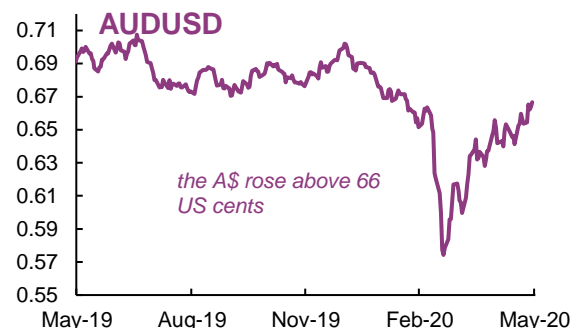
Economic calendar

Monday 01/06	CH: Caixin Manufacturing PMI, May US: ISM Manufacturing, May
Tuesday 02/06	AU: RBA policy meeting, June AU: Net exports and Inventories, 1Q
Wednesday 03/06	AU: GDP, 1Q AU: RBA Bullock speech US: ISM Non-manufacturing, May
Thursday 04/06	EC: ECB policy meeting, June AU: Retail Sales, Apr
Friday 05/06	US: Unemployment and NFP, May AU: AiG Perf of Services Index, May

The week ahead

- The RBA is expected to leave policy unchanged this week with the cash target at 0.25% and a willingness to provide support where necessary.
- The final building blocks for Australian Q1 GDP will be released on Tuesday with GDP to follow on Wednesday. Although the true hit to the economy from COVID-19 will be more evident in Q2 data.
- US-China relations may begin to dampen investor sentiment if tensions continue to escalate and the two countries engage in a 'tit-for-tat' cycle of sanctions.

Financial markets charts



Financial markets data: Week ending 29 May 2020

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.25	0	—	-50	▼
90-day BBSW	0.10	0	▼	-83	▼
3-year Australian Bond Yield	0.26	1	▲	-65	▼
10-year Australian Bond Yield	0.89	2	▲	-49	▼
20-year Australian Bond Yield	1.59	3	▲	-28	▼
10-year Australian Break-Even Inflation	0.98	19	▲	-42	▼
10-year Australian Real Yield	-0.10	-17	▼	-6	▼
Fed Funds Rate (lower bound)	0.00	0	—	-150	▼
2-year US Treasury Yield	0.16	-1	▼	-141	▼
10-year US Treasury Yield	0.65	-1	▼	-126	▼
30-year US Treasury Yield	1.41	4	▲	-98	▼
10-year German Bund Yield	-0.45	4	▲	-26	▼
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
6.00% 1 May 2020	0.22	0	—	-71	▼
4.00% 8 April 2021	0.37	0	▲	-63	▼
6.00% 1 March 2022	0.39	0	▼	-67	▼
4.00% 20 April 2023	0.46	0	▲	-70	▼
1.00% 8 February 2024	0.58	1	▲	-70	▼
5.00% 20 August 2024	0.61	0	▲	-67	▼
4.00% 20 May 2026	0.83	-1	▼	-62	▼
3.00% 20 May 2027	1.02	0	▼	-55	▼
3.00% 20 March 2028	1.14	-1	▼	-52	▼
3.00% 20 April 2029	1.30	0	▼	-48	▼
3.00% 20 February 2030	1.42	0	▼	-43	▼
2.00% 20 March 2031	1.56	0	▲	-40	▼
2.00% 20 March 2032	1.78	0	▼	n/a	n/a
2.00% 20 March 2033	1.84	2	▲	-36	▼
3.75% 20 August 2020 CIB	-1.24	1	▲	-54	▼
2.75% 20 November 2025 CIB	0.47	1	▲	37	▲
2.50% 20 November 2035 CIB	1.04	0	—	n/a	n/a
10-year NSW TCorp Bond Yield	1.47	0	▼	-37	▼
10-year TCV (Victoria) Spread	-0.08	1	▲	-7	▼
10-year QTC (Queensland) Spread	-0.01	0	▼	-4	▼
Equities	Close	1 Week		YTD	
S&P/ASX 200 (Australia)	5,756	4.7%	▲	-13.9%	▼
S&P 500 (US)	3,044	3.0%	▲	-5.8%	▼
FTSE 100 (UK)	6,077	1.4%	▲	-19.4%	▼
DJ Stoxx 600 (Europe)	350	3.0%	▲	-15.7%	▼
Nikkei 225 (Japan)	21,878	7.3%	▲	-7.5%	▼
Shanghai Composite (China)	2,852	1.4%	▲	-6.5%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.667	2.0%	▲	-5.0%	▼
EUR/USD	1.110	1.8%	▲	-1.0%	▼
USD/JPY	107.83	0.2%	▲	-0.7%	▼
GBP/USD	1.23	1.4%	▲	-6.9%	▼
US\$ Index	98.34	-1.5%	▼	2.0%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	35.33	0.6%	▲	-46.5%	▼
Iron Ore (US\$/t)	92.54	-0.1%	▼	1.1%	▲
Coking Coal (US\$/t)	1,185.00	-1.9%	▼	-1.8%	▼
Gold (US\$/oz)	1,730.27	-0.3%	▼	14.0%	▲

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