

# Weekly Economic Report

3 July 2023

## Financial markets charts

### The week that was

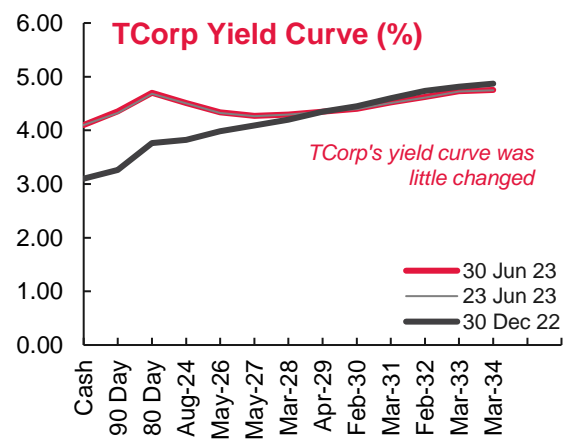
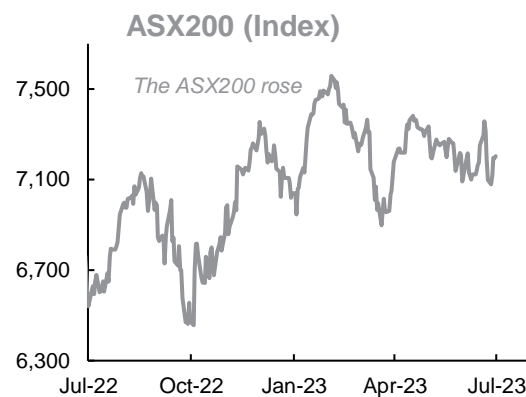
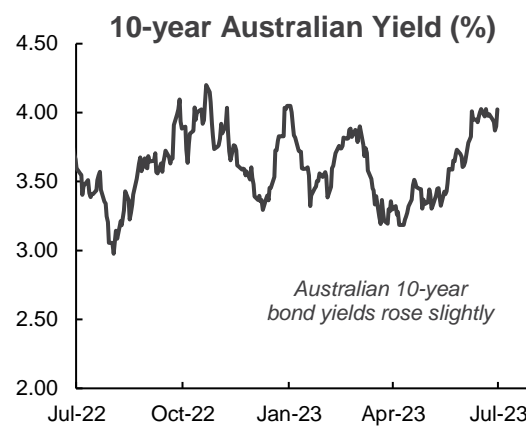
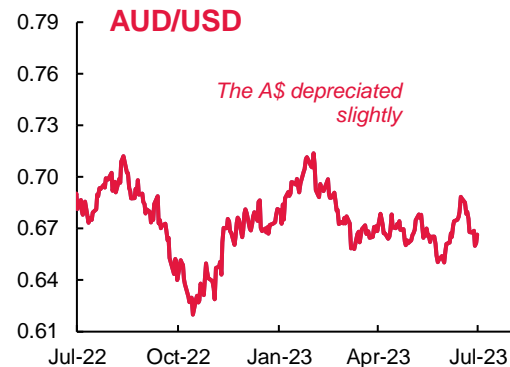
- Central bank officials globally remain hawkish, continuing to emphasise the long fight against inflation and that further rate hikes could be needed.
- Locally, the monthly inflation indicator for May was weaker than expected, driven by a large fall in holiday travel and accommodation prices, and signals that price pressures have continued to ease. In contrast, retail sales in May were stronger than expected, reflecting earlier and larger than usual promotional activity. Australian 10-year bond yields ended the week 4bps higher and the ASX200 rose 1.5%.
- In the US, consumer inflation data for May was as expected and suggests that core inflation is coming down, albeit slowly. Most other data surprised to the upside, including housing market indicators, an upward revision to March quarter GDP growth, and measures of consumer sentiment. US 10-year bond yields rose by 10bps and the S&P500 gained 2.3%.
- Inflation data for Europe and Canada also showed core inflation falling, with inflation in Canada falling more quickly than in the US or Europe.
- The Chinese Premier announced that stimulus measures were in store to boost domestic demand. Business survey data continued to show manufacturing activity contracting and the services sector expanding at a more moderate pace.

### Economic calendar

<b>Monday 03/07</b>	AU: Building approvals, May; Lending indicators, May US: ISM Manufacturing, June CH: Caixin Manufacturing PMI, June
<b>Tuesday 04/07</b>	AU: RBA policy meeting
<b>Wednesday 05/07</b>	CH: Caixin Services PMI, June US: FOMC meeting minutes, Jun; Durable goods orders, May (final)
<b>Thursday 06/07</b>	US: ISM Services, Jun; ADP employment, Jun; JOLTS job openings, May EC: Retail sales, May
<b>Friday 07/07</b>	US: Non-farm payrolls & unemployment rate, Jun CA: Labour market data, Jun

### The week ahead

- The Reserve Bank of Australia's policy meeting will be the key focus locally, with investors currently ascribing a one-in-four chance of a rate hike.
- In the US, non-farm payrolls and the ISM Manufacturing index will provide updated reads of labour market conditions and manufacturing activity. Close attention will also be paid to the Federal Open Market Committee's (FOMC) June meeting minutes.



## Financial markets data: Week ending 30 June 2023

INTEREST RATES	CLOSE (%)	1 WEEK (BPS)		YTD (BPS)	
RBA Cash Rate	4.10	0	—	100	▲
90-day BBSW	4.35	3	▲	109	▲
3-year Australian Bond Yield	4.05	2	▲	54	▲
10-year Australian Bond Yield	4.02	4	▲	-3	▼
20-year Australian Bond Yield	4.31	6	▲	-7	▼
10-year Australian Break-Even Inflation	2.45	-5	▼	-1	▼
10-year Australian Real Yield	1.58	9	▲	-1	▼
Fed Funds Rate (lower bound)	5.00	0	—	75	▲
2-year US Treasury Yield	4.90	15	▲	47	▲
10-year US Treasury Yield	3.84	10	▲	-4	▼
30-year US Treasury Yield	3.86	5	▲	-10	▼
10-year German Bund Yield	2.39	4	▲	-18	▼
<b>NSW TCorp Bonds</b>	<b>Close (%)</b>	<b>1 Week (bps)</b>		<b>YTD (bps)</b>	
1.00% 8 February 2024	4.52	1	▲	78	▲
5.00% 20 August 2024	4.51	1	▲	68	▲
1.25% 20 March 2025	4.49	3	▲	65	▲
4.00% 20 May 2026	4.34	1	▲	35	▲
3.00% 20 May 2027	4.27	0	▲	18	▲
3.00% 20 March 2028	4.30	0	▲	10	▲
3.00% 20 April 2029	4.35	0	▲	1	▲
3.00% 20 February 2030	4.40	0	▲	-5	▼
2.00% 20 March 2031	4.52	1	▲	-8	▼
1.50% 20 February 2032	4.62	1	▲	-11	▼
2.00% 8 March 2033	4.73	0	▲	-8	▼
3.50% 20 March 2034	4.75	1	▲	-12	▼
2.75% 20 November 2025 CIB	1.34	5	▲	53	▲
2.50% 20 November 2035 CIB	2.29	0	—	-9	▼
10-year NSW TCorp Bond Yield	4.72	0	▲	-4	▼
10-year TCV (Victoria) Spread	0.03	0	—	-1	▼
10-year QTC (Queensland) Spread	-0.11	0	—	-5	▼
<b>Equities</b>	<b>Close</b>	<b>1 Week</b>		<b>YTD</b>	
S&P/ASX200 (Australia)	7,203	1.5%	▲	2.3%	▲
S&P500 (US)	4,450	2.3%	▲	15.9%	▲
FTSE 100 (UK)	7,532	0.9%	▲	1.1%	▲
DJ Stoxx600 (Europe)	462	1.9%	▲	8.7%	▲
Nikkei 225 (Japan)	33,189	1.2%	▲	27.2%	▲
Shanghai Composite (China)	3,202	0.1%	▲	3.7%	▲
<b>Currencies</b>	<b>Close</b>	<b>1 Week</b>		<b>YTD</b>	
AUD/USD	0.666	-0.2%	▼	-2.2%	▼
EUR/USD	1.091	0.1%	▲	1.9%	▲
USD/JPY	144.31	0.4%	▲	10.1%	▲
GBP/USD	1.27	-0.1%	▼	5.1%	▲
US\$ Index	102.91	0.0%	▲	-0.6%	▼
<b>Commodities</b>	<b>Close</b>	<b>1 Week</b>		<b>YTD</b>	
Brent Oil (US\$/bbl)	74.90	1.4%	▲	-12.8%	▼
Iron Ore (US\$/t)	112.57	0.1%	▲	1.2%	▲
Coking Coal (US\$/t)	222.92	8.3%	▲	-38.1%	▼
Gold (US\$/oz)	1,919.35	-0.1%	▼	5.2%	▲

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