

The week that was

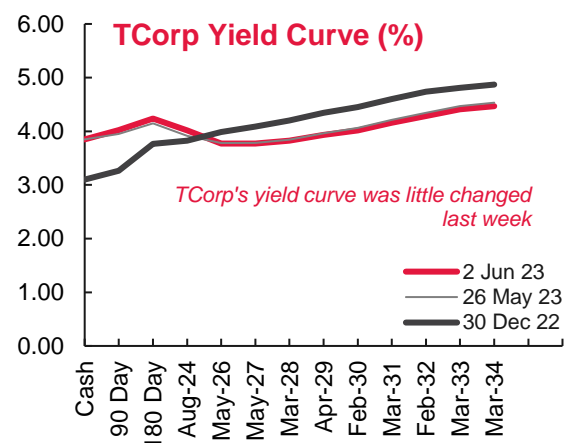
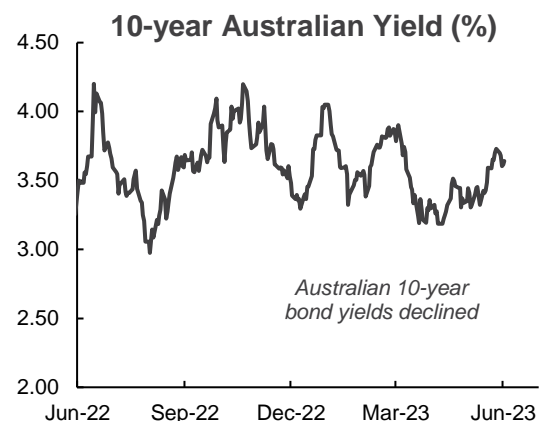
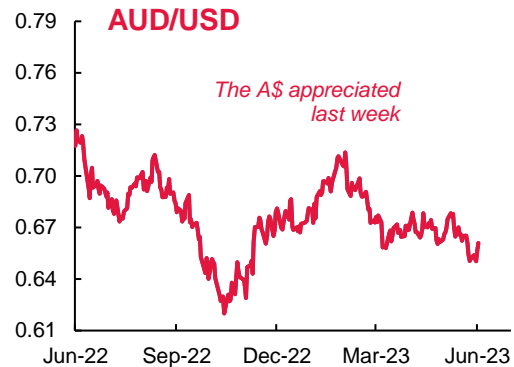
- The Australian Fair Work Commission increased national minimum and award wages by 5.75% starting on 1 July, a larger rise than widely expected. The monthly inflation indicator for April also rose more than expected, to be 6.8% higher over the year, driven by higher petrol prices and travel costs. Australian 10-year bond yields fell 9bps, the ASX200 declined 0.1% and the Australian dollar appreciated by 1.4% over the week.
- In the US, Congress passed legislation to suspend the debt ceiling and avoid a government default.
- The May US ISM Manufacturing index continued to show weakening manufacturing activity, in line with expectations. The new orders component was particularly weak, indicating softer demand, and the prices paid component fell sharply. Non-farm payrolls again surprised to the upside in May, but hours worked fell and the unemployment rate rose to 3.7%. US 10-year bond yields fell 11bps last week as markets ascribed an increased likelihood to the Federal Reserve holding rates steady in June. The S&P500 rose 1.8%.
- Inflation in the Eurozone was lower than expected in May, though remains well above the target level.
- Purchasing Managers' Index data for China showed that services sector activity grew at a modest pace in May, while the manufacturing sector remains weaker.

Economic calendar

Monday 05/06	Global: PMIs, May (final) US: ISM services index, May; Factory orders, Apr; Durable goods orders, Apr (final) CH: Caixin services PMI, May
Tuesday 06/06	AU: RBA policy decision; Balance of payments, March qtr
Wednesday 07/06	AU: GDP, March qtr CA: Bank of Canada policy decision
Thursday 08/06	EC & JN: GDP, Mar qtr (final)
Friday 09/06	CH: CPI & PPI, May CA: Labour market data, May

The week ahead

- The focus locally will be the March quarter GDP data release and the Reserve Bank of Australia's (RBA) policy meeting. Last week's minimum wage increase has raised the risk that the RBA could hike rates again.
- The US ISM services index will show whether services sector activity continued to expand at a modest pace in May.
- The Bank of Canada is expected to hold rates steady again at its policy meeting this week.



Financial markets data: Week ending 2 June 2023

INTEREST RATES	CLOSE (%)	1 WEEK (BPS)		YTD (BPS)	
RBA Cash Rate	3.85	0	—	75	▲
90-day BBSW	4.02	7	▲	76	▲
3-year Australian Bond Yield	3.43	-1	▼	-7	▼
10-year Australian Bond Yield	3.64	-9	▼	-41	▼
20-year Australian Bond Yield	4.04	-8	▼	-33	▼
10-year Australian Break-Even Inflation	2.43	-4	▼	-3	▼
10-year Australian Real Yield	1.21	-5	▼	-38	▼
Fed Funds Rate (lower bound)	5.00	0	—	75	▲
2-year US Treasury Yield	4.50	-6	▼	7	▲
10-year US Treasury Yield	3.69	-11	▼	-18	▼
30-year US Treasury Yield	3.89	-7	▼	-8	▼
10-year German Bund Yield	2.31	-23	▼	-26	▼
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
1.00% 8 February 2024	4.10	12	▲	36	▲
5.00% 20 August 2024	4.02	10	▲	19	▲
1.25% 20 March 2025	3.92	5	▲	7	▲
4.00% 20 May 2026	3.77	-1	▼	-21	▼
3.00% 20 May 2027	3.77	-1	▼	-32	▼
3.00% 20 March 2028	3.83	-2	▼	-38	▼
3.00% 20 April 2029	3.93	-3	▼	-42	▼
3.00% 20 February 2030	4.02	-5	▼	-43	▼
2.00% 20 March 2031	4.16	-5	▼	-44	▼
1.50% 20 February 2032	4.29	-6	▼	-45	▼
2.00% 8 March 2033	4.41	-6	▼	-40	▼
3.50% 20 March 2034	4.47	-6	▼	-40	▼
2.75% 20 November 2025 CIB	0.69	0	▲	-12	▼
2.50% 20 November 2035 CIB	1.99	-5	▼	-40	▼
10-year NSW TCorp Bond Yield	4.39	-5	▼	-36	▼
10-year TCV (Victoria) Spread	0.03	1	▲	-1	▼
10-year QTC (Queensland) Spread	-0.11	-1	▼	-6	▼
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	7,145	-0.1%	▼	1.5%	▲
S&P500 (US)	4,282	1.8%	▲	11.5%	▲
FTSE 100 (UK)	7,607	-0.3%	▼	2.1%	▲
DJ Stoxx600 (Europe)	462	0.2%	▲	8.8%	▲
Nikkei 225 (Japan)	31,524	2.0%	▲	20.8%	▲
Shanghai Composite (China)	3,230	0.5%	▲	4.6%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.661	1.4%	▲	-3.0%	▼
EUR/USD	1.071	-0.1%	▼	0.0%	▲
USD/JPY	139.92	-0.5%	▼	6.7%	▲
GBP/USD	1.25	0.9%	▲	3.1%	▲
US\$ Index	104.02	-0.2%	▼	0.5%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	76.13	-1.1%	▼	-11.4%	▼
Iron Ore (US\$/t)	106.38	1.4%	▲	-4.4%	▼
Coking Coal (US\$/t)	172.54	-6.2%	▼	-52.1%	▼
Gold (US\$/oz)	1,947.97	0.1%	▲	6.8%	▲

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