

Weekly Economic Report

5 April 2021

The week that was

- Investors remain focussed on the strengthening global economy and its implications for asset prices.
- US employment rose 916,000 in March which was much stronger than expected. The container ship blocking the Suez Canal, the Ever Given, was finally re-floated, and a hedge fund, Achegos Capital Management, was forced to sell a large volume of shares to meet margin calls from its bankers, which sent ripples through share markets.
- The end result was higher bond yields and equity markets. The US S&P500 rose 1.1%, the European Stoxx 600 added 1.2%, but Australia's ASX200 gained just 0.1%.
- Australia's 10-year bond yields increased by 19bps, the yield on TCorp's 2031 bond rose 12bps and the US 10-year yield rose 5bps.
- The US dollar appreciated against most currencies; the Australian dollar fell 0.4% to US\$0.761.

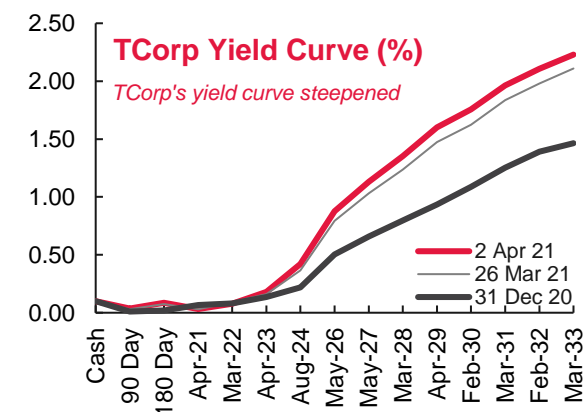
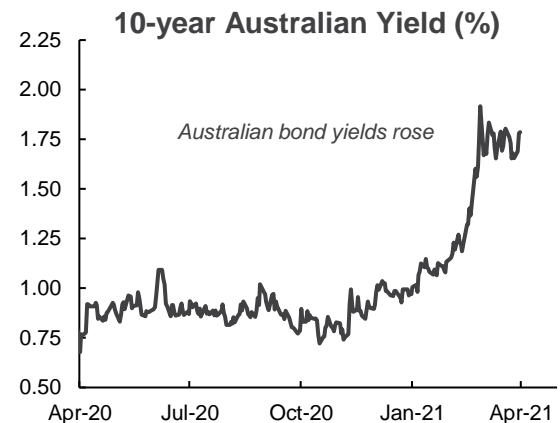
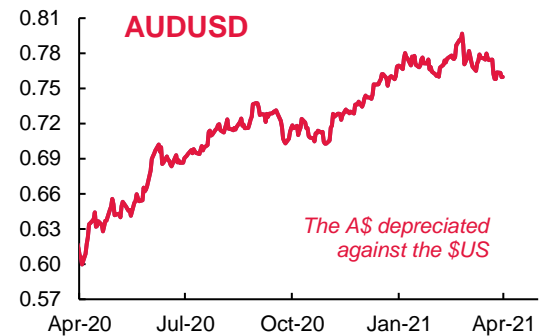
Economic calendar

Monday 5/4	AU: Easter Monday holiday US: ISM Services index, Mar
Tuesday 6/4	AU: RBA monetary policy meeting EU: Unemployment rate, Feb
Wednesday 7/4	US: FOMC meeting minutes US: Fed officials' speeches
Thursday 8/4	AU: Trade balance, Feb US: Initial jobless claims, Apr 3
Friday 9/4	AU: Financial Stability Review CH: CPI, Mar

The week ahead

- A dearth of important data releases and the impact of the Easter holidays suggests investors will focus on the run of strong economic news from the US – including President Biden's plans to boost infrastructure investment – and its implications for Federal Reserve policy decisions. Fed officials speaking during the week will provide guidance.
- In Australia, the Reserve Bank of Australia (RBA) holds its monthly monetary policy meeting on Tuesday. Although some strategists are desperate for a hint that policy will change soon, RBA officials have made it clear that this won't happen.
- The semi-annual Financial Stability Review report will reveal the RBA's view on the rebounding housing market and its implications for financial stability. While the Australian Prudential Regulation Authority (APRA) has control over setting macroprudential policy, such as restrictions on home lending, the RBA's view is an important input into APRA's decisions.

Financial markets charts



Financial markets data: Week ending 2 April 2021

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.10	0	—	0	—
90-day BBSW	0.04	1	▲	3	▲
3-year Australian Bond Yield	0.31	21	▲	21	▲
10-year Australian Bond Yield	1.84	19	▲	87	▲
20-year Australian Bond Yield	2.51	9	▲	80	▲
10-year Australian Break-Even Inflation	2.10	2	▲	33	▲
10-year Australian Real Yield	-0.26	17	▲	54	▲
Fed Funds Rate (lower bound)	0.00	0	—	0	—
2-year US Treasury Yield	0.19	5	▲	7	▲
10-year US Treasury Yield	1.72	5	▲	81	▲
30-year US Treasury Yield	2.36	-2	▼	71	▲
10-year German Bund Yield	-0.33	2	▲	24	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 8 April 2021	0.03	0	▲	-4	▼
6.00% 1 March 2022	0.10	1	▲	2	▲
4.00% 20 April 2023	0.17	1	▲	3	▲
1.00% 8 February 2024	0.32	3	▲	12	▲
5.00% 20 August 2024	0.41	4	▲	19	▲
4.00% 20 May 2026	0.87	7	▲	37	▲
3.00% 20 May 2027	1.13	10	▲	47	▲
3.00% 20 March 2028	1.35	11	▲	55	▲
3.00% 20 April 2029	1.60	12	▲	66	▲
3.00% 20 February 2030	1.76	13	▲	67	▲
2.00% 20 March 2031	1.96	12	▲	71	▲
2.00% 20 March 2032	2.23	12	▲	76	▲
2.00% 20 March 2033	2.32	14	▲	71	▲
2.75% 20 November 2025 CIB	-1.24	4	▲	-13	▼
2.50% 20 November 2035 CIB	0.44	6	▲	54	▲
10-year NSW TCorp Bond Yield	1.96	12	▲	72	▲
10-year TCV (Victoria) Spread	-0.01	1	▲	-3	▼
10-year QTC (Queensland) Spread	0.00	1	▲	4	▲
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	6,829	0.1%	▲	3.7%	▲
S&P500 (US)	4,020	1.1%	▲	7.0%	▲
FTSE 100 (UK)	6,737	0.0%	▼	4.3%	▲
DJ Stoxx 600 (Europe)	432	1.2%	▲	8.3%	▲
Nikkei 225 (Japan)	29,854	2.3%	▲	8.8%	▲
Shanghai Composite (China)	3,484	1.9%	▲	0.3%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.761	-0.4%	▼	-1.1%	▼
EUR/USD	1.176	-0.3%	▼	-3.7%	▼
USD/JPY	110.69	1.0%	▲	7.2%	▲
GBP/USD	1.38	0.3%	▲	1.2%	▲
US\$ Index	93.02	0.3%	▲	3.4%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	64.86	0.4%	▲	25.2%	▲
Iron Ore (US\$/t)	163.00	-1.9%	▼	4.6%	▲
Coking Coal (US\$/t)	1,652.50	-0.8%	▼	10.1%	▲
Gold (US\$/oz)	1,728.87	-0.2%	▼	-8.9%	▼

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