

# Weekly Economic Report

6 March 2023

## Financial markets charts

### The week that was

- Australian December quarter GDP was weaker than expected, with the economy growing at 0.5%. Falling real wages growth and higher interest rates led to a noticeable slowing in consumer spending and a further drop in the household savings rate.
- January data saw a large fall in Australian building approvals and an increase in nominal retail sales, but only to around the level of spending seen in September 2022. The ASX200 ended the week 0.3% lower and Australian 10-year bond yields rose 8bps to 3.90%. The Australian dollar rose by 0.7%, supported by positive Chinese PMI data.
- In the US, the ISM Manufacturing Index pointed to weaker-than-expected activity and stronger prices in February while ISM Services Index data was better-than-expected. US 10-year bond yields were little changed over the week; the S&P500 rose by 1.9%.
- In Europe, CPI inflation was higher than expected in February, intensifying concerns that it may be more difficult to bring down. German 10-year bond yields rose 18bps.
- The Brent crude oil price rose by 3.2% and iron ore prices were unchanged.

### Economic calendar

#### Monday

06/03

#### Tuesday

07/03

AU: RBA policy meeting  
US: Fed Chair Powell testifies to Congress (part 1); Factory orders, Jan; Durable goods orders, Jan F.

#### Wednesday

08/03

AU: Speech by RBA Governor  
US: Fed Chair Powell testifies to Congress (part 2); ADP employment, Feb; JOLTS job openings, Jan  
CA: Bank of Canada policy meeting  
EC: GDP, Dec qtr (final)

#### Thursday

09/03

Japan: GDP, Dec qtr (final)  
CH: CPI & PPI, Feb

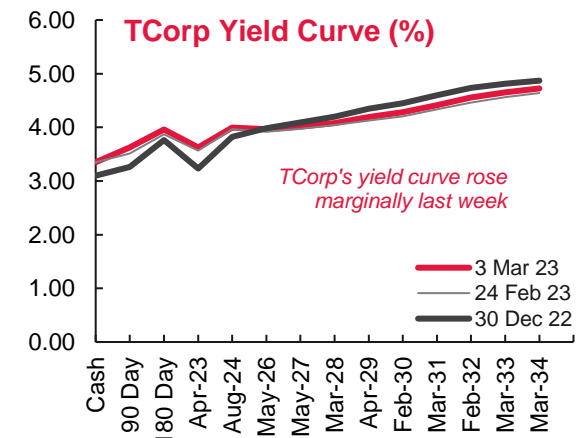
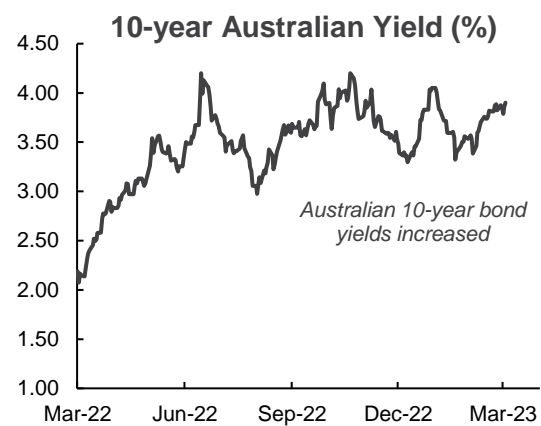
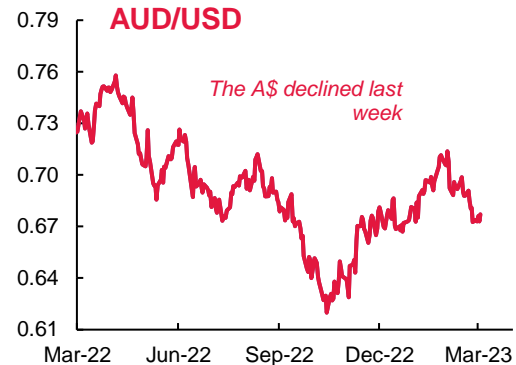
#### Friday

10/03

Japan: Bank of Japan policy meeting  
GE: CPI, Feb (final)

### The week ahead

- The Reserve Bank of Australia (RBA) Board meets on Tuesday and is expected to increase its policy rate by another 25bps. The accompanying statement will provide insights to the RBA's latest thinking.
- In the US, Federal Reserve Chair Powell's testimony to Congress and the latest employment data will take centre stage.
- The Bank of Japan and Bank of Canada also meet this week.



## Financial markets data: Week ending 3 March 2023

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	3.35	0	—	25	▲
90-day BBSW	3.63	12	▲	36	▲
3-year Australian Bond Yield	3.60	3	▲	10	▲
10-year Australian Bond Yield	3.90	8	▲	-15	▼
20-year Australian Bond Yield	4.22	6	▲	-15	▼
10-year Australian Break-Even Inflation	2.52	4	▲	6	▲
10-year Australian Real Yield	1.39	3	▲	-21	▼
Fed Funds Rate (lower bound)	4.50	0	—	25	▲
2-year US Treasury Yield	4.86	4	▲	43	▲
10-year US Treasury Yield	3.95	1	▲	8	▲
30-year US Treasury Yield	3.88	-6	▼	-9	▼
10-year German Bund Yield	2.72	18	▲	14	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 20 April 2023	3.63	6	▲	39	▲
1.00% 8 February 2024	3.99	3	▲	25	▲
5.00% 20 August 2024	4.00	3	▲	17	▲
1.25% 20 March 2025	3.95	5	▲	10	▲
4.00% 20 May 2026	3.96	4	▲	-2	▼
3.00% 20 May 2027	4.01	4	▲	-8	▼
3.00% 20 March 2028	4.08	4	▲	-12	▼
3.00% 20 April 2029	4.19	7	▲	-15	▼
3.00% 20 February 2030	4.28	8	▲	-17	▼
2.00% 20 March 2031	4.42	8	▲	-18	▼
1.50% 20 February 2032	4.56	9	▲	-18	▼
2.00% 8 March 2033	4.65	9	▲	-16	▼
3.50% 20 March 2034	4.73	9	▲	-15	▼
2.75% 20 November 2025 CIB	0.59	5	▲	-22	▼
2.50% 20 November 2035 CIB	2.14	0	▲	-25	▼
10-year NSW TCorp Bond Yield	4.61	9	▲	-14	▼
10-year TCV (Victoria) Spread	-0.01	0	▼	-5	▼
10-year QTC (Queensland) Spread	-0.09	-1	▼	-3	▼
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	7,284	-0.3%	▼	3.5%	▲
S&P500 (US)	4,046	1.9%	▲	5.4%	▲
FTSE 100 (UK)	7,947	0.9%	▲	6.6%	▲
DJ Stoxx600 (Europe)	464	1.4%	▲	9.3%	▲
Nikkei 225 (Japan)	27,927	1.7%	▲	7.0%	▲
Shanghai Composite (China)	3,328	1.9%	▲	7.7%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.677	0.7%	▲	-0.6%	▼
EUR/USD	1.064	0.8%	▲	-0.7%	▼
USD/JPY	135.87	-0.4%	▼	3.6%	▲
GBP/USD	1.20	0.8%	▲	-0.4%	▼
US\$ Index	104.52	-0.7%	▼	1.0%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	85.83	3.2%	▲	-0.1%	▼
Iron Ore (US\$/t)	126.17	0.0%	▲	13.4%	▲
Coking Coal (US\$/t)	373.50	-13.6%	▼	3.6%	▲
Gold (US\$/oz)	1,856.48	2.5%	▲	1.8%	▲

**Brian Redican**  
**Chief Economist**  
[brian.redican@tcorp.nsw.gov.au](mailto:brian.redican@tcorp.nsw.gov.au)

**Emily Perry**  
**Senior Economist**  
[emily.perry@tcorp.nsw.gov.au](mailto:emily.perry@tcorp.nsw.gov.au)



Level 7, Deutsche Bank Place  
126 Phillip Street  
Sydney NSW 2000, Australia

**T** +61 2 9325 9325

**W** [www.tcorp.nsw.gov.au](http://www.tcorp.nsw.gov.au)

**ABN 99 095 235 825**

#### **Disclaimer**

The opinions, forecasts and data contained in this report is based on the research of TCorp as at the date of publication and is subject to change without notice. TCorp is not responsible for the accuracy, adequacy, currency or completeness of any information in the report provided by third parties. This report is provided for general information purposes only and should not be relied upon for investment or trading purposes. This report is not intended to forecast or predict future events.

Unauthorised copying and distribution of this material is prohibited.

© New South Wales Treasury Corporation 2023. All rights reserved.

#### **About New South Wales Treasury Corporation (TCorp)**

TCorp provides best-in-class investment management, financial management, solutions and advice to the New South Wales (NSW) public sector. With A\$107 billion of assets under management, TCorp is a top 10 Australian investment manager and is the central borrowing authority of the state of NSW, with a balance sheet of A\$145 billion. It is rated Aaa (Stable) by Moody's, AAA (Stable) by Fitch, and AA+ (Stable) by S&P