

The week that was

- Robust economic data and strong news on corporate earnings gave risk appetite a boost last week, in contrast to the shaky week before, dominated by an aggressive outlook for US Federal Reserve tightening.
- The US payrolls report showed a strong 467,000 jobs added in January, far exceeding expectations. The prior 2 months' gains were also revised higher, signalling good momentum in the economy. In Australia, private sector credit, housing finance and card spending data were also very solid.
- All eyes remained on central bank meetings. The Reserve Bank of Australia (RBA) emphasised it will be "patient" in commencing tightening, seeking to dispel market expectations for rate hikes as early as mid-2022. In the UK, the Bank of England surprised with a 25bps increase in the bank rate to 50bps. The European Central Bank was more hawkish in its comments but did not change policy settings.
- Bond yields kept rising. US 10-year yields increased 14bps to 1.91%, with the yield curve flattening further. Australian 10-year yields rose 2bps to 1.96%. TCorp's 10-year yield was flat at 2.34%.
- Global equity markets were largely firmer. The ASX200 was up 1.9%, the US S&P500 up 1.5% and the UK FTSE100 up 1.0%. The European Stoxx600 was down 0.7%, however.
- The Australian dollar regained some ground to close at US\$0.707.

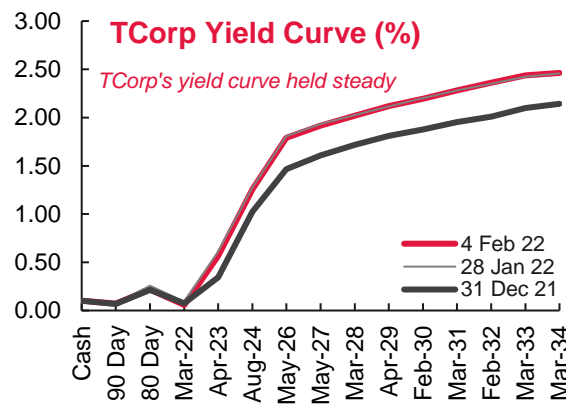
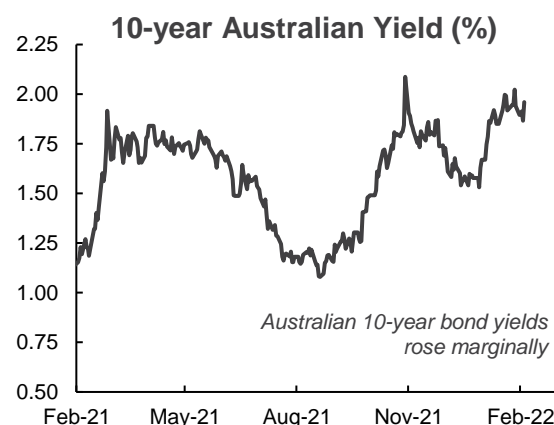
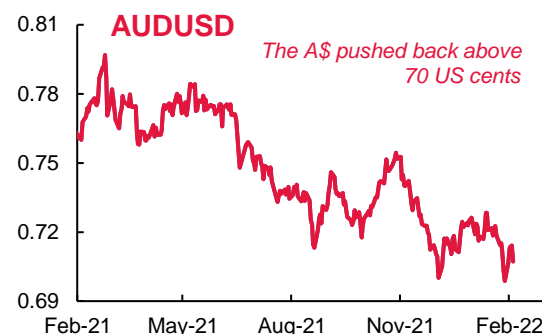
Economic calendar

Monday 07/02	AU: Real retail sales, Dec qtr, ANZ Monthly Job Ads, Jan, CH: Caixin Services and Composite PMIs, Jan
Tuesday 08/02	AU: NAB business survey, Jan EU: ECB President Lagarde speech US: Consumer credit, Dec, Trade balance, Dec
Wednesday 09/02	AU: Westpac consumer survey, Jan
Thursday 10/02	US: Wholesale inventories and sales, Dec
Friday 11/02	AU: RBA Governor Lowe testimony US: CPI, Jan, Real average hourly earnings, Jan

The week ahead

- Australia will see a suite of business, consumer and employment surveys released that will provide a current read on economic conditions. RBA Governor Lowe's testimony will be important to watch, though unlikely to unveil significant new information, given his presentation to the Press Club last week.

Financial markets charts



Financial markets data: Week ending 04 February 2022

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.10	0	—	0	—
90-day BBSW	0.07	0	▼	0	▲
3-year Australian Bond Yield	1.39	-2	▼	48	▲
10-year Australian Bond Yield	1.96	2	▲	29	▲
20-year Australian Bond Yield	2.42	0	—	15	▲
10-year Australian Break-Even Inflation	2.23	-7	▼	-4	▼
10-year Australian Real Yield	-0.27	9	▲	33	▲
Fed Funds Rate (lower bound)	0.00	0	—	0	—
2-year US Treasury Yield	1.31	15	▲	58	▲
10-year US Treasury Yield	1.91	14	▲	40	▲
30-year US Treasury Yield	2.21	14	▲	31	▲
10-year German Bund Yield	0.21	25	▲	38	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
6.00% 1 March 2022	0.06	-3	▼	-2	▼
4.00% 20 April 2023	0.57	-5	▼	22	▲
1.00% 8 February 2024	1.08	-3	▼	25	▲
5.00% 20 August 2024	1.26	-2	▼	24	▲
4.00% 20 May 2026	1.79	-2	▼	32	▲
3.00% 20 May 2027	1.92	-2	▼	31	▲
3.00% 20 March 2028	2.02	-1	▼	30	▲
3.00% 20 April 2029	2.12	0	▲	31	▲
3.00% 20 February 2030	2.19	-1	▼	32	▲
2.00% 20 March 2031	2.28	0	—	33	▲
1.50% 20 February 2032	2.36	1	▲	35	▲
2.00% 8 March 2033	2.44	1	▲	34	▲
3.50% 20 March 2034	2.46	0	▲	32	▲
2.75% 20 November 2025 CIB	-0.89	-5	▼	15	▲
2.50% 20 November 2035 CIB	0.33	8	▲	30	▲
10-year NSW TCorp Bond Yield	2.34	0	▲	36	▲
10-year TCV (Victoria) Spread	0.02	-1	▼	-2	▼
10-year QTC (Queensland) Spread	-0.01	-1	▼	-2	▼
Equities	Close	1 Week		YTD	
S&P/ASX 200 (Australia)	7,120	1.9%	▲	-4.4%	▼
S&P 500 (US)	4,501	1.5%	▲	-5.6%	▼
FTSE 100 (UK)	7,516	0.7%	▲	1.8%	▲
DJ Stoxx 600 (Europe)	462	-0.7%	▼	-5.3%	▼
Nikkei 225 (Japan)	27,440	2.7%	▲	-4.7%	▼
Shanghai Composite (China)	3,361	0.0%	—	-7.6%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.707	1.2%	▲	-2.6%	▼
EUR/USD	1.145	2.7%	▲	0.7%	▲
USD/JPY	115.26	0.0%	—	0.2%	▲
GBP/USD	1.35	1.0%	▲	0.0%	▼
US\$ Index	95.49	-1.8%	▼	-0.2%	▼
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	93.27	3.6%	▲	19.9%	▲
Iron Ore (US\$/t)	145.05	-1.3%	▼	19.8%	▲
Coking Coal (US\$/t)	2,658.00	0.0%	—	29.4%	▲
Gold (US\$/oz)	1,808.28	0.9%	▲	-1.1%	▼

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