

Financial markets charts

The week that was

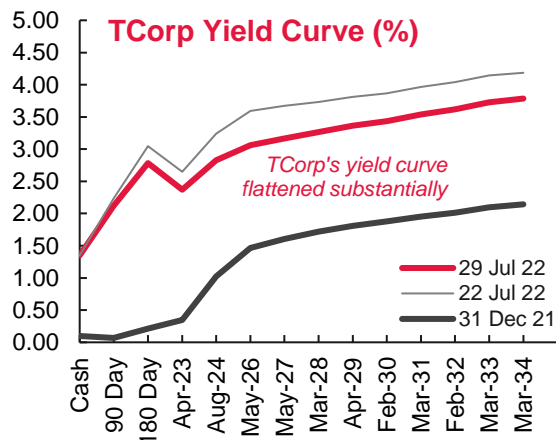
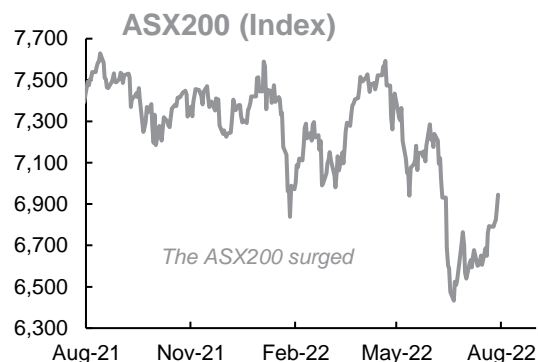
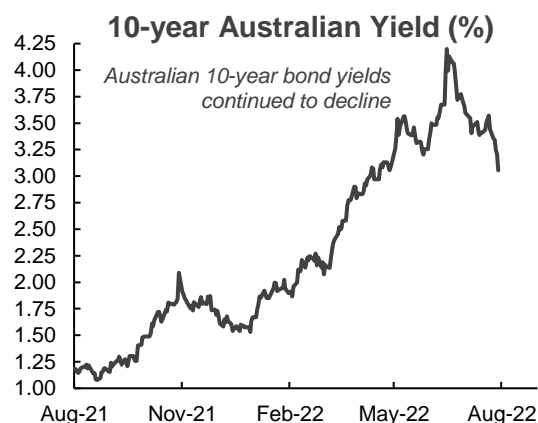
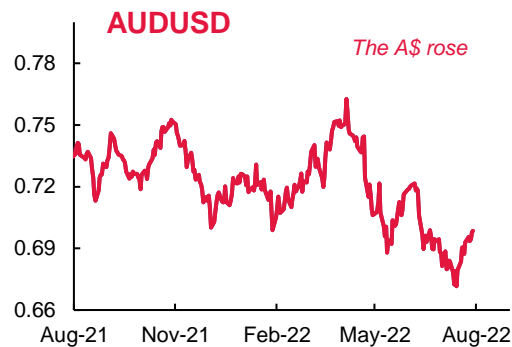
- Bond yields fell sharply and global equity markets surged last week reflecting investor hopes that central banks will soon shift away from their hawkish policy bias, as more signs of weaker activity emerge.
- As expected, the US central bank raised rates by 75bps last week. Fed Chair Powell did, however, say that the pace of further tightening will be determined by economic data. Powell also said that he didn't think the US economy was in recession, even though it shrank in Q2 and Q1.
- In Australia, consumer prices rose by 1.8% in Q2 which was slightly weaker than expected. As a result, investors decided that the Reserve Bank of Australia (RBA) would raise interest rates by 'only' 50bps at their August policy meeting this week.
- The combination of these developments resulted in a very sharp decline in Australian bond yields. The 10-year yield fell by 38bps while 3-year yields fell by 43bps. US 10-year yields fell by 10bps while German 10-year yields dropped 21bps.
- Australian shares rose 2.3% last week while European stocks gained 3%. US equities were the stand-out performer, however, rising by 4.3%.

Economic calendar

Monday 1/08	Global: Manufacturing PMIs (final), Jul US: ISM manufacturing, Jul
Tuesday 2/08	AU: RBA interest rate decision AU: Building approvals, Jun
Wednesday 3/08	AU: Real retail sales, Q2 US: ISM services, Jul
Thursday 4/08	AU: Trade balance, Jun UK: Bank of England policy decision
Friday 5/08	AU: RBA Statement on Monetary Policy US: Non-farm payrolls, Jul

The week ahead

- The RBA is widely expected to raise its policy rate by 50bps at this week's meeting, but investors will likely be focused on any hints of the path for future rate increases.
- The RBA's quarterly Statement on Monetary Policy will include an updated set of economic forecasts. Investors should be particularly interested in how long the RBA believes current inflationary pressures will persist.
- US employment is likely to be the key global economic data released this week. Fed Chair Powell pointed to healthy jobs growth to support his assertion that the US wasn't in recession but if that falters, investors are likely to become more convinced that the Fed will soon have to curtail further tightening.



Financial markets data: Week ending 29 July 2022

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	1.35	0	—	125	▲
90-day BBSW	2.12	-12	▼	205	▲
3-year Australian Bond Yield	2.66	-43	▼	175	▲
10-year Australian Bond Yield	3.06	-38	▼	139	▲
20-year Australian Bond Yield	3.43	-28	▼	116	▲
10-year Australian Break-Even Inflation	2.22	6	▲	-5	▼
10-year Australian Real Yield	0.84	-45	▼	144	▲
Fed Funds Rate (lower bound)	2.25	75	▲	225	▲
2-year US Treasury Yield	2.88	-9	▼	215	▲
10-year US Treasury Yield	2.65	-10	▼	114	▲
30-year US Treasury Yield	3.01	4	▲	111	▲
10-year German Bund Yield	0.82	-21	▼	99	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 20 April 2023	2.37	-28	▼	203	▲
1.00% 8 February 2024	2.66	-38	▼	183	▲
5.00% 20 August 2024	2.83	-41	▼	180	▲
1.25% 20 March 2025	2.93	-48	▼	171	▲
4.00% 20 May 2026	3.06	-53	▼	159	▲
3.00% 20 May 2027	3.16	-51	▼	156	▲
3.00% 20 March 2028	3.27	-47	▼	155	▲
3.00% 20 April 2029	3.36	-45	▼	155	▲
3.00% 20 February 2030	3.43	-43	▼	156	▲
2.00% 20 March 2031	3.54	-43	▼	158	▲
1.50% 20 February 2032	3.62	-42	▼	161	▲
2.00% 8 March 2033	3.73	-42	▼	163	▲
3.50% 20 March 2034	3.79	-40	▼	164	▲
2.75% 20 November 2025 CIB	-0.41	-41	▼	62	▲
2.50% 20 November 2035 CIB	1.47	-39	▼	144	▲
10-year NSW TCorp Bond Yield	3.64	-42	▼	166	▲
10-year TCV (Victoria) Spread	0.00	1	▲	-4	▼
10-year QTC (Queensland) Spread	-0.07	1	▲	-9	▼
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	6,945	2.3%	▲	-6.7%	▼
S&P500 (US)	4,130	4.3%	▲	-13.3%	▼
FTSE100 (UK)	7,423	2.0%	▲	0.5%	▲
DJ Stoxx600 (Europe)	438	3.0%	▲	-10.1%	▼
Nikkei 225 (Japan)	27,802	-0.4%	▼	-3.4%	▼
Shanghai Composite (China)	3,253	-0.5%	▼	-10.6%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.699	0.8%	▲	-3.8%	▼
EUR/USD	1.022	0.1%	▲	-10.1%	▼
USD/JPY	133.27	-2.1%	▼	15.8%	▲
GBP/USD	1.22	1.4%	▲	-10.1%	▼
US\$ Index	105.90	-0.8%	▼	10.7%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	110.01	6.6%	▲	41.4%	▲
Iron Ore (US\$/t)	107.22	2.6%	▲	-4.7%	▼
Coking Coal (US\$/t)	2,313.50	-1.5%	▼	12.7%	▲
Gold (US\$/oz)	1,765.94	2.2%	▲	-3.5%	▼

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