

## The week that was

- Global markets were volatile again last week, due to upward pressure on bond yields in the US.
- The outlook for the global economy continued to improve, supported by falling COVID-19 case numbers in most countries; the US fiscal stimulus gaining Senate approval; and some stronger economic data showing momentum picking up in the US throughout February.
- Most stock markets posted small gains, although investors continued to sell technology stocks. The US S&P500 rose 0.8%, but the NASDAQ fell 2.1%. Australia's S&P/ASX200 added 0.6%.
- US bond yields rose, with 10-year yields up 16bps to 1.57%. Australian yields fell sharply at the start of the week, with 10-year bonds ending down 8bps to 1.83%. Longer-dated TCorp yields fell, while short-dated yields rose, flattening the yield curve.
- Oil prices continued to rise, boosted by stronger demand and OPEC maintaining caps on supply, Brent oil rose 5.2% to US\$69.60. The AUD depreciated 0.3%, to US\$0.77, back to where it started the year.

## Economic calendar

### Monday

8/3

### Tuesday

9/3

AU: NAB Business survey, Feb

EU: OECD Economic Outlook

### Wednesday

10/3

AU: RBA Governor Lowe speech

US: CPI, Feb

### Thursday

11/3

AU: WBC Consumer confidence, Feb

EU: ECB monetary policy decision

### Friday

12/3

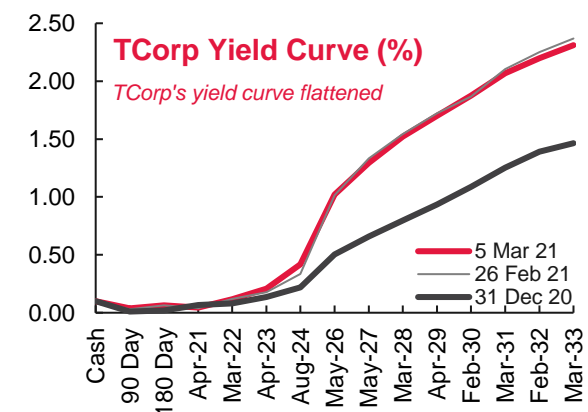
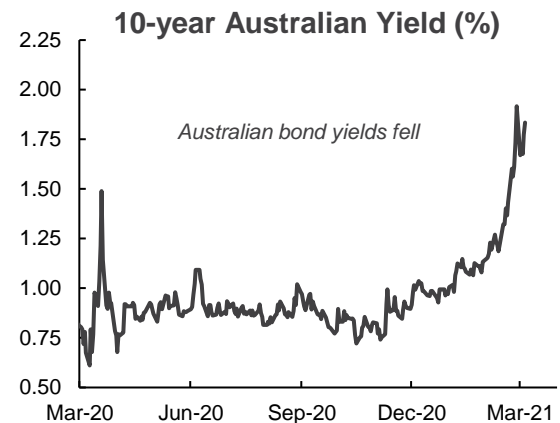
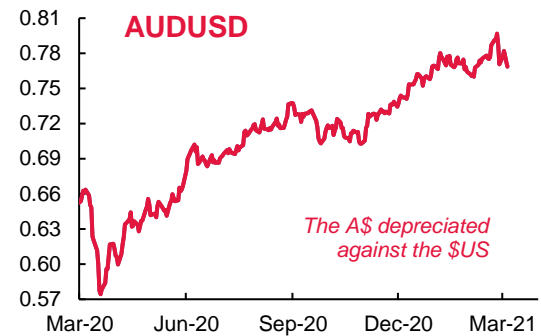
US: PPI, Feb

US: UoM Consumer sentiment, Mar

## The week ahead

- The US\$1.9 trillion fiscal stimulus is expected to be signed off by Congress this week, with spending flowing immediately. The stimulus will keep upward pressure on bond yields.
- The key global economic events for investors are the US CPI report, providing an update on inflation, and the European Central Bank monetary policy meeting. The OECD will release updated forecasts for economic growth in the developed economies.
- In Australia, interest rate futures prices show investors do not believe the Reserve Bank of Australia's (RBA) statement that it will wait until 2024 before increasing cash interest rates. RBA Governor Lowe's speech on Wednesday provides him with a platform to convince investors that the Bank will follow through on its commitment.

## Financial markets charts



## Financial markets data: Week ending 5 March 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	0.13	1	▲	2	▲
10-year Australian Bond Yield	1.83	-8	▼	86	▲
20-year Australian Bond Yield	2.56	-12	▼	85	▲
10-year Australian Break-Even Inflation	2.12	12	▲	35	▲
10-year Australian Real Yield	-0.28	-21	▼	51	▲
Fed Funds Rate (lower bound)	0.00	0	—	0	—
2-year US Treasury Yield	0.14	1	▲	2	▲
10-year US Treasury Yield	1.57	16	▲	65	▲
30-year US Treasury Yield	2.30	15	▲	65	▲
10-year German Bund Yield	-0.30	-4	▼	27	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 8 April 2021	0.04	1	▲	-2	▼
6.00% 1 March 2022	0.12	0	▼	3	▲
4.00% 20 April 2023	0.21	3	▲	7	▲
1.00% 8 February 2024	0.36	7	▲	17	▲
5.00% 20 August 2024	0.42	9	▲	20	▲
4.00% 20 May 2026	1.02	0	▲	52	▲
3.00% 20 May 2027	1.29	-4	▼	63	▲
3.00% 20 March 2028	1.52	-2	▼	72	▲
3.00% 20 April 2029	1.70	-2	▼	76	▲
3.00% 20 February 2030	1.87	1	▲	79	▲
2.00% 20 March 2031	2.07	-3	▼	82	▲
2.00% 20 March 2032	2.31	-6	▼	85	▲
2.00% 20 March 2033	2.41	-7	▼	79	▲
2.75% 20 November 2025 CIB	-1.21	-16	▼	-10	▼
2.50% 20 November 2035 CIB	0.49	-22	▼	58	▲
10-year NSW TCorp Bond Yield	2.05	-2	▼	81	▲
10-year TCV (Victoria) Spread	0.00	-1	▼	-2	▼
10-year QTC (Queensland) Spread	-0.03	-1	▼	1	▲
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	6,711	0.6%	▲	1.9%	▲
S&P500 (US)	3,842	0.8%	▲	2.3%	▲
FTSE 100 (UK)	6,631	2.3%	▲	2.6%	▲
DJ Stoxx 600 (Europe)	409	0.9%	▲	2.4%	▲
Nikkei 225 (Japan)	28,864	-0.4%	▼	5.2%	▲
Shanghai Composite (China)	3,502	-0.2%	▼	0.8%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.769	-0.3%	▼	-0.1%	▼
EUR/USD	1.192	-1.3%	▼	-2.5%	▼
USD/JPY	108.31	1.6%	▲	4.9%	▲
GBP/USD	1.38	-0.7%	▼	1.3%	▲
US\$ Index	91.99	1.2%	▲	2.3%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	69.60	5.2%	▲	34.4%	▲
Iron Ore (US\$/t)	172.56	4.2%	▲	10.7%	▲
Coking Coal (US\$/t)	1,601.50	7.9%	▲	6.7%	▲
Gold (US\$/oz)	1,700.64	-1.9%	▼	-10.4%	▼

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