

## The week that was

- The RBA left the official interest rate on hold, as expected by the market. The accompanying statement painted a very optimistic view of the Australian economy and the impact of 2019's easing. The Governor noted a balance must be struck between further easing and the negative effect of low interest rates, suggesting rates will be on hold now for at least H120.
- Early in the week equities markets rebounded on news China would be providing stimulus to support the economy through the coronavirus outbreak.
- Despite concern about coronavirus reigniting on Friday, the Australian equity market rose 0.1%, the US market rose 3.2%, and European stock rose 2%. Bond yields also rose over the week with US 10-year yields increasing 8 bps and Australian 10-year yields increasing by 9bps.
- US ISM manufacturing in January bounced back above 50 (to 50.9) and strong payroll data beat market expectations with an increase of 225k. Although unemployment rose slightly to 3.6, this was driven by growth in the participation rate.
- Australian residential building approvals for December were down 0.2%, however this was ahead of expectations of -0.5%. Retail data remains weak with December turnover falling 0.5%.

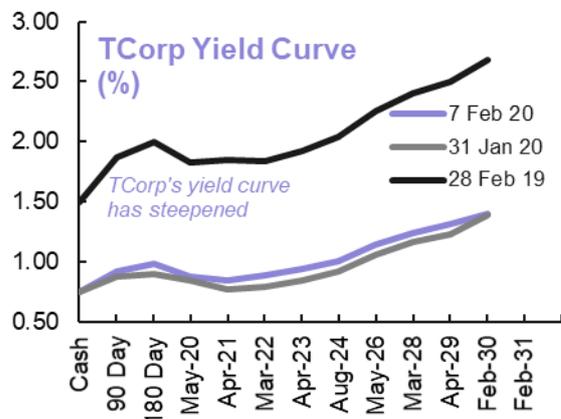
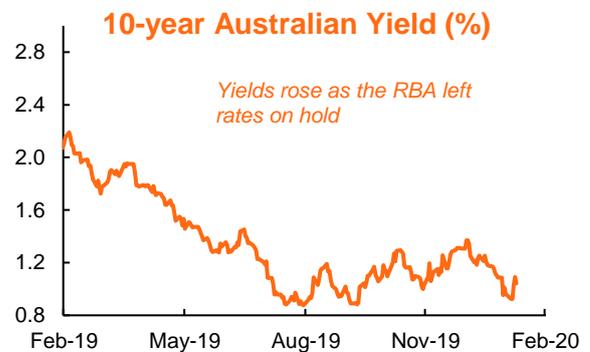
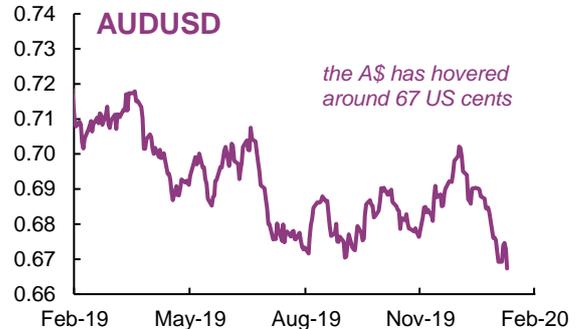
## Economic calendar

<b>Monday</b> 10/02	CH: CPI
<b>Tuesday</b> 11/02	AU: ABS lending indicators UK: GDP and trade balance
<b>Wednesday</b> 12/02	NZ: RBNZ interest rate decision EU: Industrial production
<b>Thursday</b> 13/02	US: CPI
<b>Friday</b> 14/02	EU: GDP and employment US: Retail Sales and Industrial production

## The week ahead

- A quiet week in Australia with only lending indicators and the NAB monthly business survey.
- Markets will continue to monitor the coronavirus outbreak and assess the likely impact on economies globally.

## Financial markets charts



## Financial markets data: Week ending 7 February 2020

<b>Interest Rates</b>	<b>Close (%)</b>	<b>1 Week (bps)</b>		<b>YTD (bps)</b>	
RBA Cash Rate	0.75	0	–	0	–
90-day BBSW	0.92	4	▲	0	▼
3-year Australian Bond Yield	0.72	10	▲	-19	▼
10-year Australian Bond Yield	1.04	9	▲	-33	▼
20-year Australian Bond Yield	1.54	10	▲	-33	▼
10-year Australian Break-Even Inflation	1.35	-3	▼	-5	▼
10-year Australian Real Yield	-0.31	12	▲	-28	▼
Fed Funds Rate (lower bound)	1.50	0	–	0	–
2-year US Treasury Yield	1.40	9	▲	-17	▼
10-year US Treasury Yield	1.58	8	▲	-33	▼
30-year US Treasury Yield	2.05	5	▲	-34	▼
10-year German Bund Yield	-0.39	5	▲	-20	▼
<b>NSW TCorp Bonds</b>	<b>Close (%)</b>	<b>1 Week (bps)</b>		<b>YTD (bps)</b>	
6.00% 1 May 2020	0.88	3	▲	-6	▼
4.00% 8 April 2021	0.85	8	▲	-15	▼
6.00% 1 March 2022	0.89	10	▲	-17	▼
4.00% 20 April 2023	0.94	9	▲	-23	▼
5.00% 20 August 2024	1.00	8	▲	-28	▼
4.00% 20 May 2026	1.14	8	▲	-31	▼
3.00% 20 May 2027	1.24	8	▲	-33	▼
3.00% 20 March 2028	1.31	8	▲	-36	▼
3.00% 20 April 2029	1.40	7	▲	-38	▼
3.00% 20 February 2030	1.46	8	▲	-38	▼
3.75% 20 August 2020 CIB	-0.98	6	▲	-30	▼
2.75% 20 November 2025 CIB	-0.13	14	▲	-23	▼
2.50% 20 November 2035 CIB	0.46	11	▲	-26	▼
10-year NSW TCorp Bond Yield	1.48	8	▲	-36	▼
10-year TCV (Victoria) Spread	-0.01	1	▲	0	▲
10-year QTC (Queensland) Spread	0.02	-1	▼	-1	▼
<b>Equities</b>	<b>Close</b>	<b>1 Week</b>		<b>YTD</b>	
S&P/ASX 200 (Australia)	7,023	0.1%	▲	5.1%	▲
S&P 500 (US)	3,328	3.2%	▲	3.0%	▲
FTSE 100 (UK)	7,467	2.5%	▲	-1.0%	▼
DJ Stoxx 600 (Europe)	424	3.3%	▲	2.0%	▲
Nikkei 225 (Japan)	23,828	2.7%	▲	0.7%	▲
Shanghai Composite (China)	2,876	-3.4%	▼	-5.7%	▼
<b>Currencies</b>	<b>Close</b>	<b>1 Week</b>		<b>YTD</b>	
AUD/USD	0.667	-0.3%	▼	-5.0%	▼
EUR/USD	1.095	-1.3%	▼	-2.4%	▼
USD/JPY	109.75	1.3%	▲	1.0%	▲
GBP/USD	1.29	-2.4%	▼	-2.8%	▼
US\$ Index	98.68	1.3%	▲	2.4%	▲
<b>Commodities</b>	<b>Close</b>	<b>1 Week</b>		<b>YTD</b>	
Brent Oil (US\$/bbl)	54.47	-6.3%	▼	-17.5%	▼
Iron Ore (US\$/t)	81.62	-11.7%	▼	-10.8%	▼
Coking Coal (US\$/t)	1,273.00	0.0%	–	5.5%	▲
Gold (US\$/oz)	1,570.44	-1.2%	▼	3.5%	▲

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