

# Weekly Economic Report

10 July 2023

## Financial markets charts

### The week that was

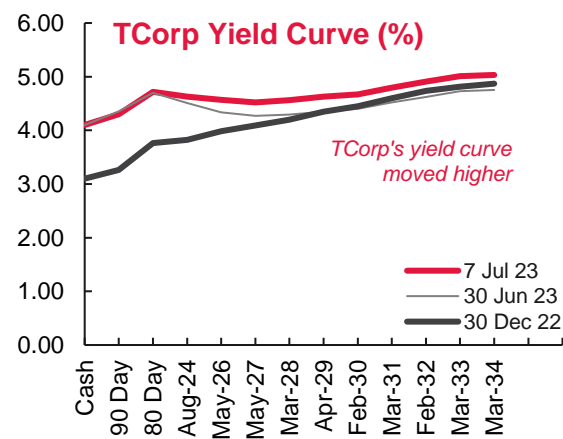
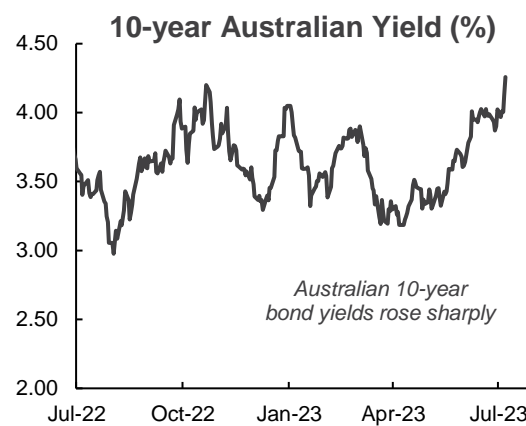
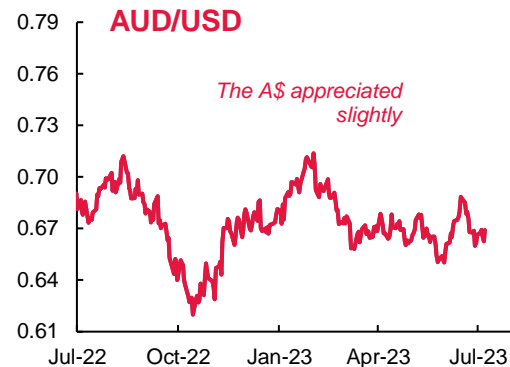
- The Reserve Bank of Australia (RBA) left its policy interest rate unchanged at 4.10%, taking time to assess the impact of the increase in interest rates to date and the economic outlook. However, the RBA maintained that further rate rises may be required to return inflation to target in a reasonable timeframe. Australian 10-year bond yields rose by 23bps to 4.26%, the highest level in over a decade, and the ASX200 fell 2.2%.
- Australian housing prices rose further in June, supported by the low stock of properties for sale. Building approvals continued to trend lower in May.
- The minutes from the US Federal Open Market Committee's June meeting were interpreted as hawkish, reinforcing expectations that the Fed will raise rates again in July. Non-farm payrolls rose by less than expected in June, though the unemployment rate declined to 3.6% and the labour market remains tight overall.
- US ISM data showed that the manufacturing sector contracted further, but services activity improved. The prices paid component fell again in both sectors. US 10-year bond yields rose by 22bps and the S&P500 ended the week 1.2% lower.
- PMI data for China indicated that services sector activity is losing momentum, reinforcing concerns that the Chinese economy is slowing.

### Economic calendar

<b>Monday</b> 10/07	CH: CPI & PPI, Jun
<b>Tuesday</b> 11/07	AU: NAB Business sentiment, Jun; Westpac consumer confidence, Jul UK: Labour market data, May/Jun US: NFIB Small Business Optimism, Jun GE: CPI, Jun (final)
<b>Wednesday</b> 12/07	US: CPI, Jun; Fed Beige Book AU: Speech by RBA Governor CA: Bank of Canada policy decision NZ: Reserve Bank of New Zealand policy decision
<b>Thursday</b> 13/07	US: PPI, Jun UK: Monthly GDP, May EC: ECB account of June policy meeting
<b>Friday</b> 14/07	

### The week ahead

- US consumer price inflation data will be in focus this week, as the last major data release ahead of the Federal Reserve's policy meeting on 26 July.
- Locally, survey data will provide updated reads of consumer and business sentiment. The RBA Governor's speech will also be closely watched.
- The Bank of Canada and Reserve Bank of New Zealand have their policy meetings this week.



## Financial markets data: Week ending 7 July 2023

INTEREST RATES	CLOSE (%)	1 WEEK (BPS)		YTD (BPS)	
RBA Cash Rate	4.10	0	—	100	▲
90-day BBSW	4.30	-5	▼	104	▲
3-year Australian Bond Yield	4.23	19	▲	73	▲
10-year Australian Bond Yield	4.26	23	▲	21	▲
20-year Australian Bond Yield	4.46	15	▲	9	▲
10-year Australian Break-Even Inflation	2.49	4	▲	3	▲
10-year Australian Real Yield	1.77	19	▲	18	▲
Fed Funds Rate (lower bound)	5.00	0	—	75	▲
2-year US Treasury Yield	4.95	5	▲	52	▲
10-year US Treasury Yield	4.06	22	▲	19	▲
30-year US Treasury Yield	4.05	18	▲	8	▲
10-year German Bund Yield	2.64	25	▲	7	▲
<b>NSW TCorp Bonds</b>	<b>Close (%)</b>	<b>1 Week (bps)</b>		<b>YTD (bps)</b>	
1.00% 8 February 2024	4.57	5	▲	83	▲
5.00% 20 August 2024	4.63	12	▲	81	▲
1.25% 20 March 2025	4.71	22	▲	87	▲
4.00% 20 May 2026	4.57	23	▲	59	▲
3.00% 20 May 2027	4.52	25	▲	43	▲
3.00% 20 March 2028	4.56	27	▲	36	▲
3.00% 20 April 2029	4.63	28	▲	28	▲
3.00% 20 February 2030	4.67	27	▲	22	▲
2.00% 20 March 2031	4.79	27	▲	19	▲
1.50% 20 February 2032	4.91	28	▲	17	▲
2.00% 8 March 2033	5.01	28	▲	20	▲
3.50% 20 March 2034	5.03	28	▲	16	▲
2.75% 20 November 2025 CIB	1.55	21	▲	74	▲
2.50% 20 November 2035 CIB	2.29	0	—	-9	▼
10-year NSW TCorp Bond Yield	5.00	29	▲	25	▲
10-year TCV (Victoria) Spread	0.03	0	▲	-1	▼
10-year QTC (Queensland) Spread	-0.09	2	▲	-4	▼
<b>Equities</b>	<b>Close</b>	<b>1 Week</b>		<b>YTD</b>	
S&P/ASX200 (Australia)	7,042	-2.2%	▼	0.1%	▲
S&P500 (US)	4,399	-1.2%	▼	14.6%	▲
FTSE 100 (UK)	7,257	-3.6%	▼	-2.6%	▼
DJ Stoxx600 (Europe)	448	-3.1%	▼	5.4%	▲
Nikkei 225 (Japan)	32,388	-2.4%	▼	24.1%	▲
Shanghai Composite (China)	3,197	-0.2%	▼	3.5%	▲
<b>Currencies</b>	<b>Close</b>	<b>1 Week</b>		<b>YTD</b>	
AUD/USD	0.669	0.4%	▲	-1.8%	▼
EUR/USD	1.097	0.5%	▲	2.4%	▲
USD/JPY	142.21	-1.5%	▼	8.5%	▲
GBP/USD	1.28	1.1%	▲	6.3%	▲
US\$ Index	102.27	-0.6%	▼	-1.2%	▼
<b>Commodities</b>	<b>Close</b>	<b>1 Week</b>		<b>YTD</b>	
Brent Oil (US\$/bbl)	78.47	4.8%	▲	-8.7%	▼
Iron Ore (US\$/t)	109.53	-2.7%	▼	-1.6%	▼
Coking Coal (US\$/t)	223.85	0.4%	▲	-37.9%	▼
Gold (US\$/oz)	1,925.05	0.3%	▲	5.5%	▲

**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\$148 billion. It is rated Aaa (Stable) by Moody's, AAA (Stable) by Fitch, and AA+ (Stable) by S&P.