

Weekly Economic Report

11 April 2023

Financial markets charts

The week that was

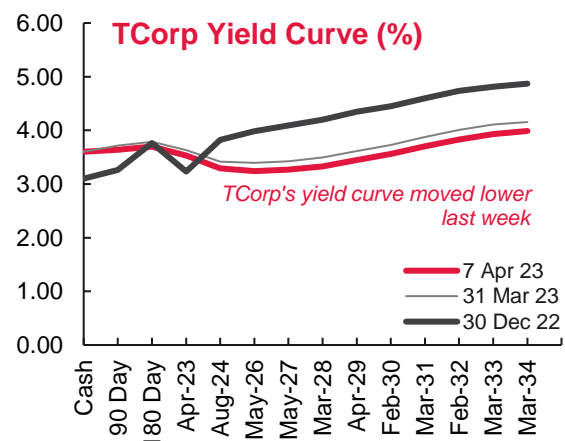
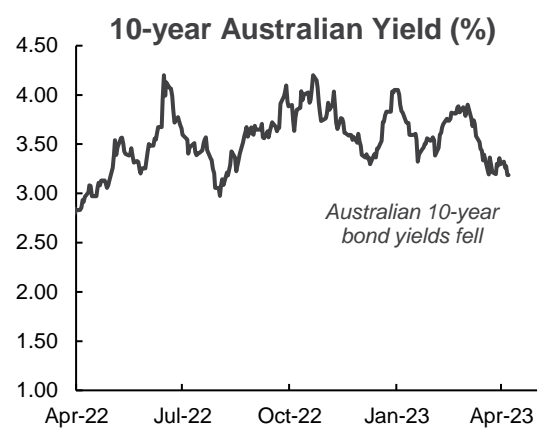
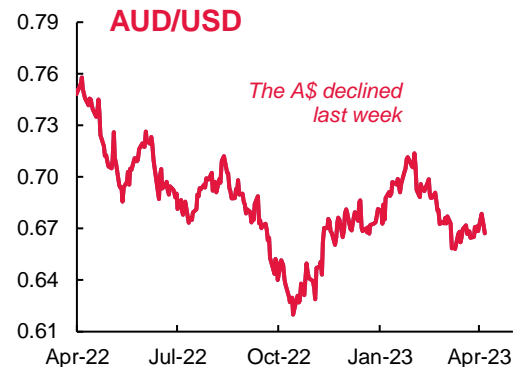
- The Reserve Bank of Australia (RBA) kept interest rates unchanged in April – the first pause since this tightening cycle commenced in May 2022. While the decision and accompanying commentary were interpreted as dovish, the RBA Governor noted that pausing does not mean rate hikes are over. Australian bond yields ended the week lower; 3-year was down 12bps and 10-year dropped 11bps. The ASX200 rose by 0.6% and the Australian dollar depreciated by 0.2%.
- Disappointing data in the US pointed to slowing economic activity. The US ISM manufacturing and services indexes were weaker than expected in March, with falls across the prices paid, employment and new orders components. However, non-farm payrolls surprised to the upside in March after JOLTS job openings and ADP employment data came in softer than expected earlier in the week. Although US bond yields rose after the payrolls release, 10-year yields ended the week 8bps lower and the S&P500 fell by 0.1%.
- The Reserve Bank of New Zealand surprised markets by raising its policy interest rate by 50bps, rather than the expected 25bps, to combat high inflation despite signs of weaker economic activity.
- The Brent crude oil price rose by 6.7% as OPEC+ unexpectedly announced a sizeable cut in oil production.

Economic calendar

Monday 10/04	
Tuesday 11/04	AU: NAB Business Survey, Mar; Westpac consumer confidence, Apr EC: Retail sales, Feb US: NFIB Small Business Optimism, Mar CH: CPI & PPI, Mar
Wednesday 12/04	US: CPI, Mar; FOMC meeting minutes, Mar CA: Bank of Canada policy decision
Thursday 13/04	AU: Labour force statistics, Mar US: PPI, Mar GE: CPI, March (final) UK: Industrial production, Feb
Friday 14/04	US: Retail sales, Mar; Industrial production, Mar; University of Michigan Sentiment, April (prelim)

The week ahead

- In Australia, labour market data will be the key focus. Close attention will also be paid to survey measures of business and consumer sentiment.
- US CPI data will provide an updated read of inflationary pressures, while retail sales data will show whether economic momentum has slowed.



Financial markets data: Week ending 7 April 2023

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	3.60	0	—	50	▲
90-day BBSW	3.64	-8	▼	37	▲
3-year Australian Bond Yield	2.82	-12	▼	-68	▼
10-year Australian Bond Yield	3.19	-11	▼	-87	▼
20-year Australian Bond Yield	3.64	-8	▼	-74	▼
10-year Australian Break-Even Inflation	2.27	-8	▼	-19	▼
10-year Australian Real Yield	0.92	-3	▼	-68	▼
Fed Funds Rate (lower bound)	4.75	0	—	50	▲
2-year US Treasury Yield	3.98	-4	▼	-45	▼
10-year US Treasury Yield	3.39	-8	▼	-48	▼
30-year US Treasury Yield	3.61	-4	▼	-36	▼
10-year German Bund Yield	2.18	-11	▼	-39	▼
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 20 April 2023	3.53	-10	▼	30	▲
1.00% 8 February 2024	3.43	-7	▼	-31	▼
5.00% 20 August 2024	3.29	-13	▼	-53	▼
1.25% 20 March 2025	3.23	-14	▼	-61	▼
4.00% 20 May 2026	3.24	-15	▼	-74	▼
3.00% 20 May 2027	3.27	-16	▼	-82	▼
3.00% 20 March 2028	3.32	-17	▼	-88	▼
3.00% 20 April 2029	3.45	-17	▼	-90	▼
3.00% 20 February 2030	3.56	-17	▼	-89	▼
2.00% 20 March 2031	3.70	-18	▼	-90	▼
1.50% 20 February 2032	3.83	-18	▼	-91	▼
2.00% 8 March 2033	3.93	-18	▼	-88	▼
3.50% 20 March 2034	3.99	-17	▼	-88	▼
2.75% 20 November 2025 CIB	0.11	-8	▼	-70	▼
2.50% 20 November 2035 CIB	1.67	-5	▼	-72	▼
10-year NSW TCorp Bond Yield	3.91	-16	▼	-85	▼
10-year TCV (Victoria) Spread	0.00	0	▼	-4	▼
10-year QTC (Queensland) Spread	-0.08	0	▼	-3	▼
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	7,219	0.6%	▲	2.6%	▲
S&P500 (US)	4,105	-0.1%	▼	6.9%	▲
FTSE 100 (UK)	7,742	1.4%	▲	3.9%	▲
DJ Stoxx600 (Europe)	459	0.2%	▲	8.0%	▲
Nikkei 225 (Japan)	27,518	-1.9%	▼	5.5%	▲
Shanghai Composite (China)	3,328	1.7%	▲	7.7%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.667	-0.2%	▼	-2.1%	▼
EUR/USD	1.091	0.6%	▲	1.9%	▲
USD/JPY	132.16	-0.5%	▼	0.8%	▲
GBP/USD	1.24	0.7%	▲	2.8%	▲
US\$ Index	102.09	-0.4%	▼	-1.4%	▼
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	85.12	6.7%	▲	-0.9%	▼
Iron Ore (US\$/t)	118.50	-6.7%	▼	6.5%	▲
Coking Coal (US\$/t)	269.35	4.7%	▲	-25.3%	▼
Gold (US\$/oz)	2,007.91	2.0%	▲	10.1%	▲

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