

Financial markets charts

The week that was

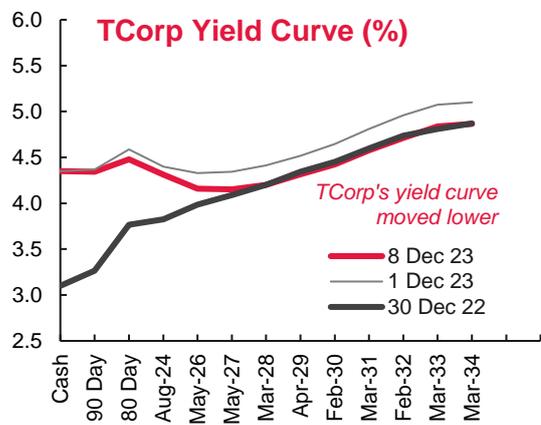
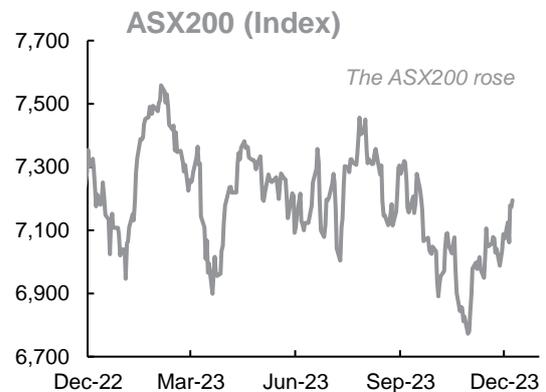
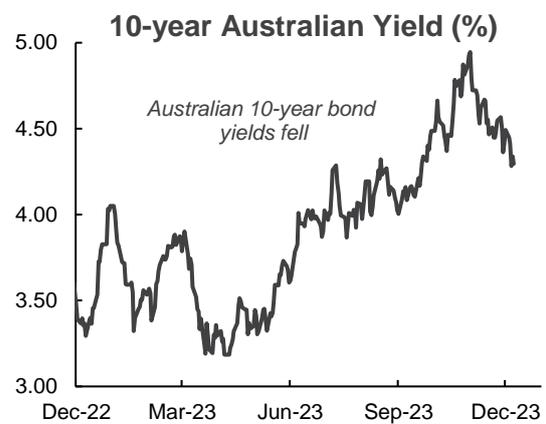
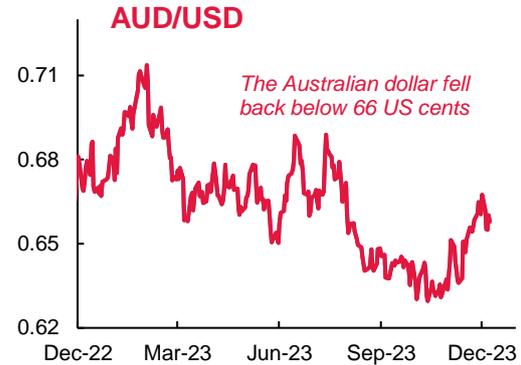
- The Reserve Bank of Australia (RBA) left interest rates unchanged, noting that it is prepared to tighten further if upside risks to inflation increase. RBA communication remains relatively hawkish, with recent comments by some US and European central bank officials noticeably more dovish. This dovish shift has led investors to expect larger and earlier rate cuts in the US and Europe over 2024.
- The release of the Australian national accounts showed the RBA's monetary policy tightening working its way through the economy. In the September quarter GDP grew by a slower-than-expected 0.2%, driven by government spending, with household spending very weak and households saving incrementally less. Per capita spending is particularly weak in light of Australia's strong population growth. Australian 10-year bond yields fell 20bps last week and the ASX gained 1.7%.
- US employment rose by more than expected in November and the unemployment rate fell to 3.7%. The resilient labour market data saw US 10-year bond yields end the week 3bps higher, while the S&P500 rose 0.2%.
- Oil prices fell almost 4% on concerns about weak global demand and an over-supply next year.

Economic calendar

Tuesday 12/12	US: CPI, Nov AU: Westpac consumer sentiment, Dec; NAB Business survey, Nov
Wednesday 13/12	US: FOMC policy decision; PPI, Nov JN: Tankan survey, Dec qtr
Thursday 14/12	AU: Labour force, Nov EC: ECB policy decision UK: Bank of England policy decision US: Retail sales, Nov
Friday 15/12	Global: PMIs, Dec (prelim) US: Empire manufacturing, Dec

The week ahead

- Central bank policy decisions in the US, Europe and the UK will be the focus. All are expected to leave rates on hold, but investors will concentrate on the policy outlook and any comments on the likelihood and timing of rate cuts next year.
- US consumer price inflation data will show whether price pressures continued to ease in November, following a softer inflation print in October.
- Locally, employment data will be scrutinised for signs of a further loosening in labour market conditions while the Australian and NSW governments will release mid-year budget updates.



Financial markets data: Week ending 8 December 2023

INTEREST RATES	CLOSE (%)	1 WEEK (BPS)		YTD (BPS)	
RBA Cash Rate	4.35	0	–	125	▲
90-day BBSW	4.34	-3	▼	108	▲
3-year Australian Bond Yield	3.90	-17	▼	40	▲
10-year Australian Bond Yield	4.30	-20	▼	25	▲
20-year Australian Bond Yield	4.58	-19	▼	20	▲
10-year Australian Break-Even Inflation	2.46	-4	▼	0	▲
10-year Australian Real Yield	1.83	-16	▼	24	▲
Fed Funds Rate (lower bound)	5.25	0	–	100	▲
2-year US Treasury Yield	4.72	18	▲	30	▲
10-year US Treasury Yield	4.23	3	▲	35	▲
30-year US Treasury Yield	4.30	-9	▼	34	▲
10-year German Bund Yield	2.28	-9	▼	-30	▼
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
1.00% 8 February 2024	4.28	-4	▼	54	▲
5.00% 20 August 2024	4.31	-9	▼	49	▲
1.25% 20 March 2025	4.23	-16	▼	39	▲
4.00% 20 May 2026	4.16	-17	▼	18	▲
3.00% 20 May 2027	4.15	-19	▼	6	▲
3.00% 20 March 2028	4.20	-21	▼	0	▲
3.00% 20 April 2029	4.31	-20	▼	-3	▼
3.00% 20 February 2030	4.42	-22	▼	-3	▼
2.00% 20 March 2031	4.58	-23	▼	-2	▼
1.50% 20 February 2032	4.71	-25	▼	-3	▼
2.00% 8 March 2033	4.84	-24	▼	3	▲
3.50% 20 March 2034	4.87	-23	▼	0	▼
2.75% 20 November 2025 CIB	1.43	-10	▼	62	▲
2.50% 20 November 2035 CIB	2.48	-23	▼	4	▲
10-year NSW TCorp Bond Yield	4.86	-23	▼	10	▲
10-year TCV (Victoria) Spread	0.08	1	▲	3	▲
10-year QTC (Queensland) Spread	-0.07	1	▲	-2	▼
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	7,195	1.7%	▲	2.2%	▲
S&P500 (US)	4,604	0.2%	▲	19.9%	▲
FTSE 100 (UK)	7,554	0.3%	▲	1.4%	▲
DJ Stoxx600 (Europe)	472	1.3%	▲	11.1%	▲
Nikkei 225 (Japan)	32,308	-3.4%	▼	23.8%	▲
Shanghai Composite (China)	2,970	-2.0%	▼	-3.9%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.658	-1.4%	▼	-3.4%	▼
EUR/USD	1.076	-1.1%	▼	0.5%	▲
USD/JPY	144.95	-1.3%	▼	10.5%	▲
GBP/USD	1.25	-1.3%	▼	3.9%	▲
US\$ Index	104.01	0.7%	▲	0.5%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	75.84	-3.9%	▼	-11.7%	▼
Iron Ore (US\$/t)	136.21	2.7%	▲	22.4%	▲
Coking Coal (US\$/t)	322.24	22.5%	▲	-10.6%	▼
Gold (US\$/oz)	2,004.67	-3.3%	▼	9.9%	▲

Brian Redican
Chief Economist
brian.redican@tcorp.nsw.gov.au

Emily Perry
Senior Economist
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

ABN 99 235 825

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