

## The week that was

- Australian retail sales volumes fell by 0.1% in the September quarter and were 0.2% lower than a year ago. This is the first annual decline since the 1991 recession which highlights how weak consumer spending has been over 2019.
- What is particularly surprising about the recent weakness in retail spending is that it has coincided with lower mortgage rates while many households have received personal income tax rebates. Despite this, the RBA kept policy unchanged at its November policy meeting
- The main global data released were business surveys of the services sector. These were consistent with a gradual improvement in activity.
- Financial markets, however, were driven more by promising signs of a comprehensive trade deal between the US and China. This resulted in the US equity market rising by 0.9%, alongside higher 10-year bond yields which increased by 23bps. The Australian 10-year bond yield also rose by 19bps while stocks rose 0.8%.

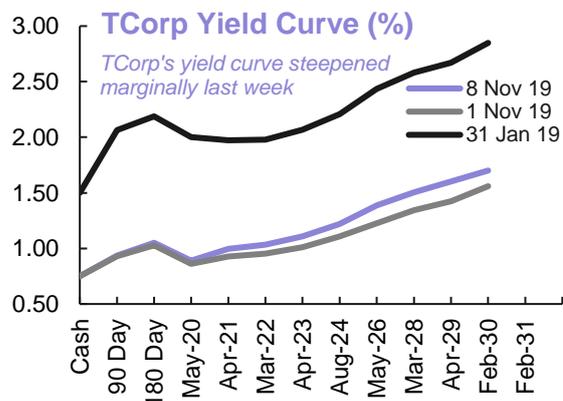
## Economic calendar

<b>Tuesday</b> 12/11	AU: NAB business survey
<b>Wednesday</b> 13/11	AU: Wage price index
<b>Thursday</b> 14/11	US: Fed Chair Powell Testimony
<b>Friday</b> 15/11	AU: Labour force survey
	CH: Industrial production, retail sales
	US: Retail sales, Industrial production

## The week ahead

- There is a long list of data released this week, both in Australia and overseas. In both the US and China, industrial production and retail sales data will be closely scrutinised to see whether there are signs that manufacturing activity is stabilising, or whether weakness in that sector is beginning to undermine consumer spending.
- The Chair of the US central bank, Jerome Powell, will also testify to Congress regarding the economy and policy risks.
- In Australia, the main focus will be on the labour market, with quarterly wage growth data and the October labour market report. While we don't expect that the RBA will cut rates until February next year, a particularly weak employment outcome could prompt markets to rethink the odds of that occurring. In addition to these data, surveys of consumer and business confidence will also be released.

## Financial markets charts



## Financial markets data: Week ending 8 November 2019

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.75	0	–	-75	▼
90-day BBSW	0.93	0	▲	-116	▼
3-year Australian Bond Yield	0.88	10	▲	-97	▼
10-year Australian Bond Yield	1.29	19	▲	-103	▼
20-year Australian Bond Yield	1.78	21	▲	-90	▼
10-year Australian Break-Even Inflation	1.42	11	▲	-22	▼
10-year Australian Real Yield	-0.13	9	▲	-81	▼
Fed Funds Rate (lower bound)	1.50	0	–	-75	–
2-year US Treasury Yield	1.67	12	▲	-81	▼
10-year US Treasury Yield	1.94	23	▲	-74	▼
30-year US Treasury Yield	2.42	23	▲	-59	▼
10-year German Bund Yield	-0.26	12	▲	-51	▼
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
6.00% 1 May 2020	0.89	3	▲	-113	▼
4.00% 8 April 2021	0.99	7	▲	-103	▼
6.00% 1 March 2022	1.03	8	▲	-101	▼
4.00% 20 April 2023	1.11	10	▲	-107	▼
5.00% 20 August 2024	1.22	11	▲	-110	▼
4.00% 20 May 2026	1.39	16	▲	-115	▼
3.00% 20 May 2027	1.50	16	▲	-116	▼
3.00% 20 March 2028	1.60	18	▲	-114	▼
3.00% 20 April 2029	1.70	18	▲	-115	▼
3.00% 20 February 2030	1.74	18	▲	-116	▼
3.75% 20 August 2020 CIB	-0.65	-7	▼	-130	▼
2.75% 20 November 2025 CIB	0.10	4	▲	-83	▼
2.50% 20 November 2035 CIB	0.68	8	▲	-56	▼
10-year NSW TCorp Bond Yield	1.74	17	▲	-108	▼
10-year TCV (Victoria) Spread	-0.01	0	–	3	▲
10-year QTC (Queensland) Spread	0.05	0	▲	-1	▼
Equities	Close	1 Week		YTD	
S&P/ASX 200 (Australia)	6,724	0.8%	▲	19.1%	▲
S&P 500 (US)	3,093	0.9%	▲	23.4%	▲
FTSE 100 (UK)	7,359	0.8%	▲	9.4%	▲
DJ Stoxx 600 (Europe)	405	1.5%	▲	20.1%	▲
Nikkei 225 (Japan)	23,392	2.4%	▲	16.9%	▲
Shanghai Composite (China)	2,964	0.2%	▲	18.9%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.686	-0.6%	▼	-2.7%	▼
EUR/USD	1.102	-1.3%	▼	-3.8%	▼
USD/JPY	109.26	1.0%	▲	-0.7%	▼
GBP/USD	1.28	-1.3%	▼	0.3%	▲
US\$ Index	98.35	1.1%	▲	2.3%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	62.51	1.3%	▲	16.2%	▲
Iron Ore (US\$/t)	80.08	-4.9%	▼	12.6%	▲
Coking Coal (US\$/t)	1,260.00	-2.8%	▼	-12.8%	▼
Gold (US\$/oz)	1,459.00	-3.7%	▼	13.8%	▲

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