

# Weekly Economic Report

11 October 2021

## The week that was

- Risk sentiment showed cautious improvement over the course of the week. In the US, the government averted shutdown and the rise in employment was less than hoped. Globally, energy prices hit multi-year highs
- US Non-Farm payrolls grew by 194,000 in September, their smallest rise of the year. The unemployment rate fell, however, and the Federal Reserve is still expected to announce a taper at its next meeting.
- In Australia, policy and regulation were the focus. The Reserve Bank of Australia kept policy settings unchanged at its October meeting, and highlighted housing sector risks in its Financial Stability Review. APRA also announced banks will have to lift the serviceability buffer on mortgages to at least 3ppts.
- Bond yields rose quickly over the week. US 10-year bond yields were up 15bps to 1.61% and German 10-year yields rose 7bps to -0.15%. Australian 10-year yields lifted 15bps to 1.64%, and TCorp's 10-year yield was up 12bps, to 1.94%.
- Equity markets rebounded. The ASX200 gained a firm 1.9% over the week, the S&P500 rose 0.8% and the European Stoxx600 was up 1.0%.
- The Australian dollar continued to edge higher, up to US\$0.731 by the end of the week.

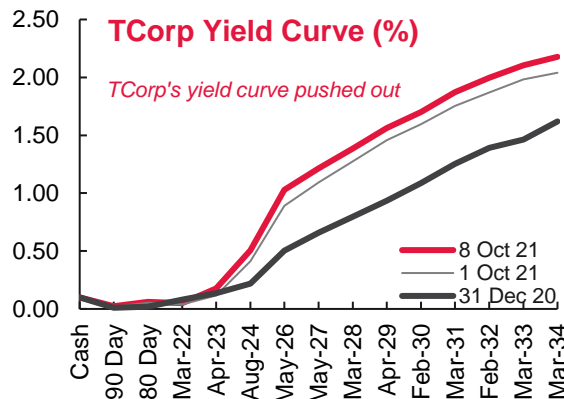
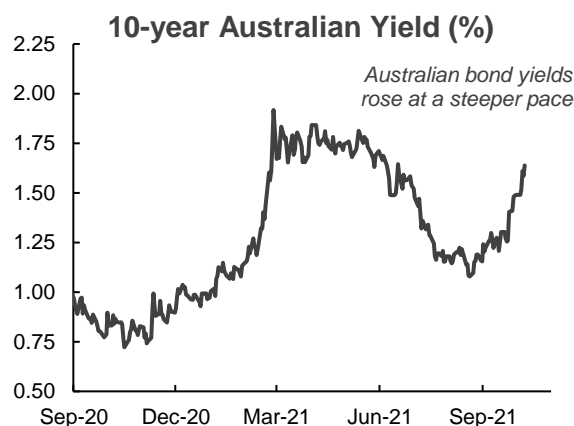
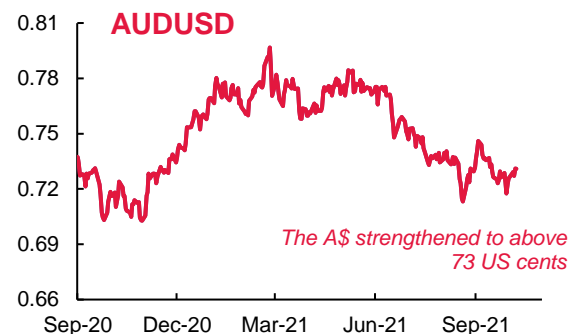
## Economic calendar

<b>Monday 11/10</b>	
<b>Tuesday 12/10</b>	AU: NAB Business Survey, Sep
<b>Wednesday 13/10</b>	AU: Westpac Consumer Survey, Oct US: JOLTS Job openings, Aug, CPI, Sep CH: Trade balance, Sep
<b>Thursday 14/10</b>	AU: Employment, Sep, RBA Deputy Governor Debelle speech CH: CPI, Sep US: Federal Reserve Meeting Minutes, Sep, PPI, Sep,
<b>Friday 15/10</b>	US: Retail sales, Sep, Import and export prices, Sep, University of Michigan Consumer Survey, Oct

## The week ahead

- Business and consumer confidence and September's employment report will be the focus in Australia this week. With major states still in lockdown, the jobs report is expected to be weak. Firmer sentiment, however, would be a sign that the economy may rebound strongly when restrictions are lifted.
- Investors will closely watch stubbornly persistent US inflation as a factor pushing up bond yields.

## Financial markets charts



## Financial markets data: Week ending 08 October 2021

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.10	0	—	0	—
90-day BBSW	0.02	0	▲	1	▲
3-year Australian Bond Yield	0.47	14	▲	37	▲
10-year Australian Bond Yield	1.64	15	▲	67	▲
20-year Australian Bond Yield	2.32	13	▲	61	▲
10-year Australian Break-Even Inflation	2.03	13	▲	27	▲
10-year Australian Real Yield	-0.40	2	▲	40	▲
Fed Funds Rate (lower bound)	0.00	0	—	0	—
2-year US Treasury Yield	0.32	5	▲	20	▲
10-year US Treasury Yield	1.61	15	▲	70	▲
30-year US Treasury Yield	2.16	14	▲	52	▲
10-year German Bund Yield	-0.15	7	▲	42	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
6.00% 1 March 2022	0.05	1	▲	-3	▼
4.00% 20 April 2023	0.18	6	▲	4	▲
1.00% 8 February 2024	0.36	6	▲	17	▲
5.00% 20 August 2024	0.51	9	▲	29	▲
4.00% 20 May 2026	1.03	14	▲	53	▲
3.00% 20 May 2027	1.21	12	▲	55	▲
3.00% 20 March 2028	1.39	11	▲	59	▲
3.00% 20 April 2029	1.56	11	▲	63	▲
3.00% 20 February 2030	1.70	11	▲	61	▲
2.00% 20 March 2031	1.87	12	▲	62	▲
1.50% 20 February 2032	2.00	13	▲	61	▲
2.00% 8 March 2033	2.11	12	▲	64	▲
3.50% 20 March 2034	2.18	14	▲	56	▲
2.75% 20 November 2025 CIB	-1.05	4	▲	6	▲
2.50% 20 November 2035 CIB	0.23	14	▲	33	▲
10-year NSW TCorp Bond Yield	1.94	12	▲	70	▲
10-year TCV (Victoria) Spread	0.00	-2	▼	-2	▼
10-year QTC (Queensland) Spread	-0.02	0	▲	2	▲
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	7,320	1.9%	▲	11.1%	▲
S&P500 (US)	4,391	0.8%	▲	16.9%	▲
FTSE 100 (UK)	7,096	1.0%	▲	9.8%	▲
DJ Stoxx600 (Europe)	457	1.0%	▲	14.6%	▲
Nikkei 225 (Japan)	28,049	-2.5%	▼	2.2%	▲
Shanghai Composite (China)	3,592	0.7%	▲	3.4%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.731	0.7%	▲	-5.0%	▼
EUR/USD	1.157	-0.2%	▼	-5.3%	▼
USD/JPY	112.24	1.1%	▲	8.7%	▲
GBP/USD	1.36	0.5%	▲	-0.4%	▼
US\$ Index	94.07	0.0%	▲	4.6%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	82.39	3.9%	▲	59.1%	▲
Iron Ore (US\$/t)	124.65	8.9%	▲	-21.3%	▼
Coking Coal (US\$/t)	3,583.00	-4.8%	▼	138.8%	▲
Gold (US\$/oz)	1,757.13	-0.2%	▼	-7.4%	▼

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