

Financial markets charts

The week that was

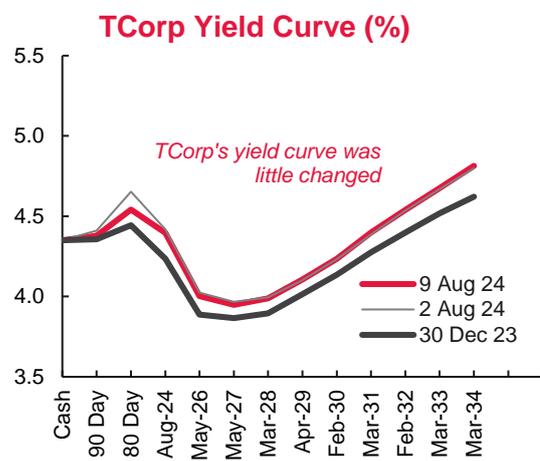
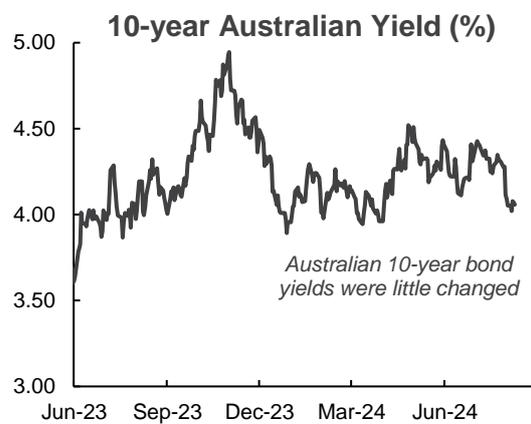
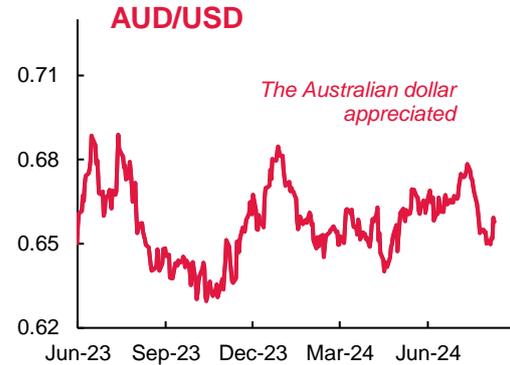
- Financial markets were extremely volatile last week, with sharp moves in currencies, some equity markets and bond yields. After falling sharply on Monday, however, equity markets recovered over the remainder of the week as investor panic subsided.
- This recent volatility reflects more the inability of markets to smoothly accommodate a large and concentrated shift in investor positioning rather than fears that the global economy is headed for a recession. Specifically, hints that the Bank of Japan might raise rates more quickly than investors thought led to a sharp rise in the Japanese Yen and a sharp fall in Japanese equities, with this volatility then infecting other markets.
- With many of the initial sharp market moves partly or fully unwinding later in the week, US 10-year bond yields ended the week 15bps higher, while the S&P500 was flat. The ASX200 fell 2.1%.
- The Reserve Bank of Australia (RBA) left interest rates unchanged, but the tone was hawkish as it remains concerned about upside risks to inflation. While investors think the RBA will cut rates once this year, the RBA Governor noted that she does not expect rate cuts this year.

Economic calendar

Monday 12/08	AU: RBA Deputy Governor speech
Tuesday 13/08	AU: Wage Price Index, June qtr; Consumer sentiment, Aug; NAB Business survey, Jul US: Producer price index, Jul
Wednesday 14/08	US: CPI, Jul NZ: RBNZ policy decision UK: CPI, Jul EU: GDP, Jun qtr (preliminary)
Thursday 15/08	AU: Labour force, Jul US: Retail sales, Jul CH: Monthly activity data, Jul JP: GDP, Jun qtr (preliminary) UK: GDP, Jun qtr (preliminary)
Friday 16/08	AU: RBA Parliamentary testimony

The week ahead

- US inflation data for July will be the focus this week, with investors expecting another benign print to pave the way for a rate cut in September.
- Locally, data on wages growth and the labour market will be in focus, as will public appearances by RBA officials.
- The Reserve Bank of New Zealand is expected to cut rates for the first time this cycle, as inflation continues to fall towards target and the economy is very weak.



Financial markets data: Week ending 9 August 2024

INTEREST RATES	CLOSE (%)	1 WEEK (BPS)		YTD (BPS)	
RBA Cash Rate	4.35	0	–	0	–
90-day BBSW	4.38	-3	▼	2	▲
3-year Australian Bond Yield	3.66	-2	▼	5	▲
10-year Australian Bond Yield	4.06	1	▲	10	▲
20-year Australian Bond Yield	4.54	-1	▼	30	▲
10-year Australian Break-Even Inflation	2.36	-2	▼	-21	▼
10-year Australian Real Yield	1.69	2	▲	31	▲
Fed Funds Rate (lower bound)	5.25	0	–	0	–
2-year US Treasury Yield	4.05	17	▲	-20	▼
10-year US Treasury Yield	3.94	15	▲	6	▲
30-year US Treasury Yield	4.22	11	▲	19	▲
10-year German Bund Yield	2.23	5	▲	20	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
5.00% 20 August 2024	4.40	-2	▼	16	▲
1.25% 20 March 2025	4.19	-1	▼	15	▲
4.00% 20 May 2026	4.00	-2	▼	12	▲
3.00% 20 May 2027	3.95	-2	▼	8	▲
3.00% 20 March 2028	3.99	-1	▼	9	▲
3.00% 20 April 2029	4.11	0	▲	9	▲
3.00% 20 February 2030	4.24	0	▲	10	▲
2.00% 20 March 2031	4.40	1	▲	12	▲
1.50% 20 February 2032	4.54	0	▲	14	▲
2.00% 8 March 2033	4.68	1	▲	16	▲
1.75% 20 March 2034	4.81	2	▲	19	▲
2.75% 20 November 2025 CIB	1.99	0	–	92	▲
2.50% 20 November 2035 CIB	2.37	2	▲	30	▲
10-year NSW TCorp Bond Yield	4.81	1	▲	25	▲
10-year TCV (Victoria) Spread	0.07	0	▼	-4	▼
10-year QTC (Queensland) Spread	0.01	1	▲	10	▲
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	7,778	-2.1%	▼	2.5%	▲
S&P500 (US)	5,344	0.0%	▼	12.0%	▲
FTSE 100 (UK)	8,168	-0.1%	▼	5.6%	▲
DJ Stoxx600 (Europe)	499	0.3%	▲	4.2%	▲
Nikkei 225 (Japan)	35,025	-2.5%	▼	4.7%	▲
Shanghai Composite (China)	2,862	-1.5%	▼	-3.8%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.658	1.0%	▲	-3.4%	▼
EUR/USD	1.092	0.1%	▲	-1.1%	▼
USD/JPY	146.61	0.1%	▲	3.9%	▲
GBP/USD	1.28	-0.3%	▼	0.2%	▲
US\$ Index	103.14	-0.1%	▼	1.8%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	79.66	3.7%	▲	3.4%	▲
Iron Ore (US\$/t)	101.49	-2.3%	▼	-25.6%	▼
Coking Coal (US\$/t)	223.23	0.1%	▲	-19.0%	▼
Gold (US\$/oz)	2,431.32	-0.5%	▼	17.9%	▲

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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