

Financial markets charts

The week that was

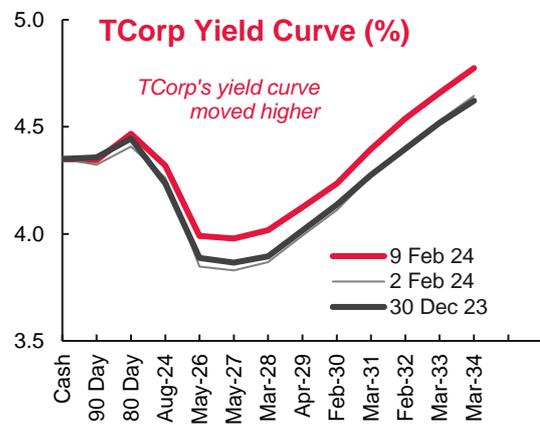
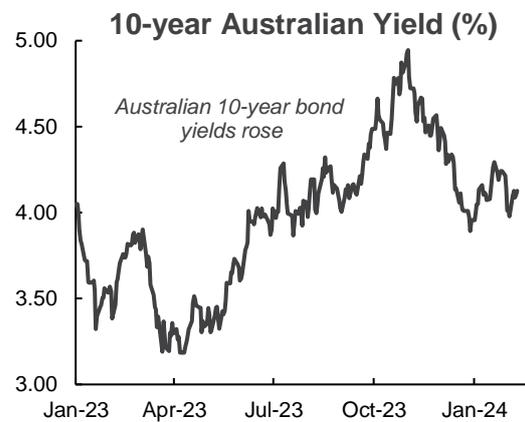
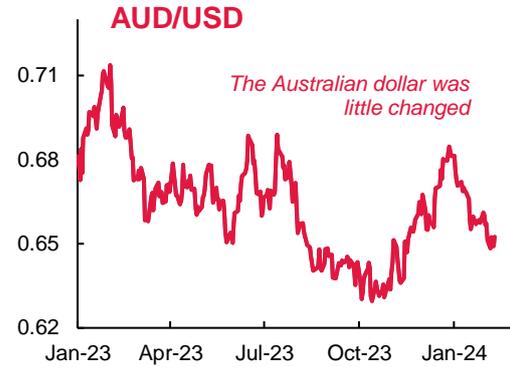
- The US Federal Reserve (Fed) Chairman and other central bankers from the US and Europe reiterated their cautious approach to considering rate cuts, noting the risks to inflation if rates are lowered prematurely.
- Following the recent run of strong US economic data, the ISM services index also surprised to the upside last week. Along with the continued resilience of the US services sector, the survey also showed an increase in price pressures in January. This data, combined with the Fed's cautious tone on rate cuts, saw US 10-year bond yields end the week 16bps higher while 10-year bond yields across Europe rose a similar amount. The S&P500 continued to climb, gaining 1.4% this week and reaching a record high level.
- The Reserve Bank of Australia (RBA) held interest rates steady and retained a mild tightening bias, which was widely expected and did not cause a notable reaction in financial markets. Like central banks in many other developed economies, the RBA noted that it needs to be convinced that inflation is sustainably returning to target before it cuts rates. Australian 10-year bond yields rose 15bps last week and the ASX200 fell by 0.7%.
- China's economy is experiencing deflation, with consumer and producer price inflation surprising to the downside in January and reinforcing concerns about weak economic activity.

Economic calendar

Monday 12/02	
Tuesday 13/02	US: CPI, Jan AU: RBA speech; Westpac consumer sentiment, Feb; NAB business sentiment, Jan UK: Labour market data, Jan
Wednesday 14/02	UK: CPI, Jan EC: GDP, Dec qtr (prelim)
Thursday 15/02	AU: Labour force, Jan US: Retail sales, Jan
Friday 16/02	US: PPI, Jan; University of Michigan consumer sentiment, Feb (prelim)

The week ahead

- The focus locally will be on labour force data. Although the labour market remains tight, conditions have been gradually easing and are expected to continue to loosen. Surveys of consumer and business sentiment will also be watched for timely reads on economic activity and price pressures.
- Globally, investors will focus on US inflation data. Although inflation has eased, Fed policymakers remain cautious and continue to push back on the idea that the first rate cut could occur in the next few months.



Financial markets data: Week ending 9 February 2024

INTEREST RATES	CLOSE (%)	1 WEEK (BPS)		YTD (BPS)	
RBA Cash Rate	4.35	0	–	0	–
90-day BBSW	4.34	2	▲	-1	▼
3-year Australian Bond Yield	3.70	15	▲	9	▲
10-year Australian Bond Yield	4.13	15	▲	17	▲
20-year Australian Bond Yield	4.43	14	▲	18	▲
10-year Australian Break-Even Inflation	2.53	7	▲	-4	▼
10-year Australian Real Yield	1.60	8	▲	21	▲
Fed Funds Rate (lower bound)	5.25	0	–	0	–
2-year US Treasury Yield	4.48	12	▲	23	▲
10-year US Treasury Yield	4.18	16	▲	30	▲
30-year US Treasury Yield	4.37	15	▲	34	▲
10-year German Bund Yield	2.38	14	▲	36	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
1.00% 8 February 2024	4.29	6	▲	-2	▼
5.00% 20 August 2024	4.32	6	▲	8	▲
1.25% 20 March 2025	4.15	13	▲	12	▲
4.00% 20 May 2026	3.99	14	▲	10	▲
3.00% 20 May 2027	3.98	15	▲	11	▲
3.00% 20 March 2028	4.02	15	▲	12	▲
3.00% 20 April 2029	4.13	13	▲	11	▲
3.00% 20 February 2030	4.23	12	▲	10	▲
2.00% 20 March 2031	4.40	13	▲	12	▲
1.50% 20 February 2032	4.54	13	▲	14	▲
2.00% 8 March 2033	4.66	13	▲	14	▲
1.75% 20 March 2034	4.77	13	▲	15	▲
2.75% 20 November 2025 CIB	1.30	1	▲	24	▲
2.50% 20 November 2035 CIB	2.26	8	▲	19	▲
10-year NSW TCorp Bond Yield	4.71	13	▲	15	▲
10-year TCV (Victoria) Spread	0.08	-2	▼	-3	▼
10-year QTC (Queensland) Spread	-0.08	0	▼	1	▲
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	7,645	-0.7%	▼	0.7%	▲
S&P500 (US)	5,027	1.4%	▲	5.4%	▲
FTSE 100 (UK)	7,573	-0.6%	▼	-2.1%	▼
DJ Stoxx600 (Europe)	485	0.2%	▲	1.2%	▲
Nikkei 225 (Japan)	36,897	2.0%	▲	10.3%	▲
Shanghai Composite (China)	2,866	5.0%	▲	-3.7%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.652	0.2%	▲	-4.2%	▼
EUR/USD	1.078	0.0%	▼	-2.3%	▼
USD/JPY	149.29	0.6%	▲	5.8%	▲
GBP/USD	1.26	0.0%	▼	-0.8%	▼
US\$ Index	104.11	0.2%	▲	2.7%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	82.19	6.3%	▲	6.7%	▲
Iron Ore (US\$/t)	128.02	0.0%	▲	-6.1%	▼
Coking Coal (US\$/t)	249.56	0.0%	▼	-9.5%	▼
Gold (US\$/oz)	2,024.26	-0.8%	▼	-1.9%	▼

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