

The week that was

- Equity markets were mixed and bond yields continued to decline on the back of key central bank communications, uncertainty on the COVID-19 delta variant and still-solid economic releases.
- The Reserve Bank of Australia's (RBA) July policy meeting yielded no change in its key interest rate, at 0.1%, with the RBA announcing it would not extend its three-year yield target beyond the bond that expires in April 2024. The main surprise was the RBA decision to taper (or reduce) its bond purchases to \$4bn per week, down from \$5bn.
- Minutes from the US Federal Reserve's Open Market Committee meeting for June showed that the Committee began talking about tapering asset purchases. The expected pick-up in inflation and commencement of rate hikes were downplayed.
- US 10-year bond yields fell by 6bps, to 1.36% over the week, German 10-year yields fell 6bps to -0.29%, while Australian 10-year bond yields fell 12bps to 1.36%. TCorp's 10-year yield fell 15bps to 1.65%.
- Equity markets in the US, Europe and China all ended the week higher. The Australian ASX200 closed the week lower, with the UK and Japan also flat to down for the week.
- The A\$ fell 0.5% last week, to close at US\$0.749.

Economic calendar

Monday
12/7

Tuesday
13/7 AU: NAB Business Survey, Jun
CH: Trade balance, Jun
US: CPI, Real average earnings, Jun

Wednesday
14/7 AU: Consumer sentiment, Jul
US: PPI, Jun

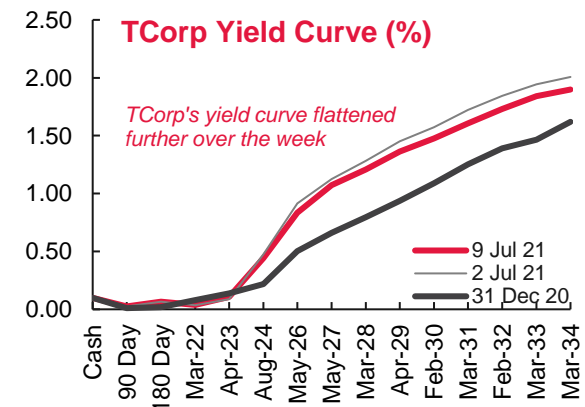
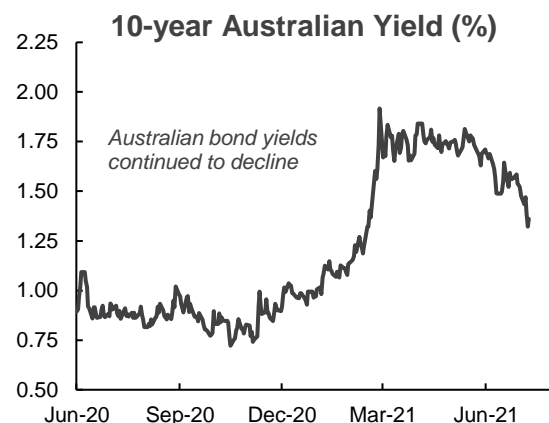
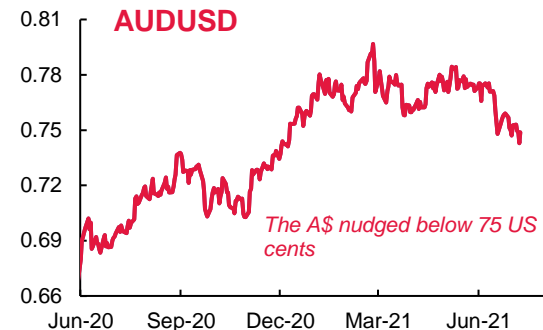
Thursday
15/7 AU: Employment, Jun
CH: GDP, Jun qtr, Retail sales, Jun,
Industrial production, Jun,
US: Federal Reserve Beige Book, Jul,
Industrial production, Jun,

Friday
16/7 US: Retail sales, Jun

The week ahead

- In Australia, employment data and consumer and business sentiment for June are the main data that will be released this week. While the business survey was conducted before the Sydney lockdown, consumer sentiment will reflect its impact.
- US and China activity data for June will also provide colour over the pace of the global economic recovery.

Financial markets charts



Financial markets data: Week ending 9 July 2021

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.10	0	—	0	—
90-day BBSW	0.03	0	—	2	▲
3-year Australian Bond Yield	0.35	-3	▼	24	▲
10-year Australian Bond Yield	1.36	-12	▼	39	▲
20-year Australian Bond Yield	1.99	-9	▼	28	▲
10-year Australian Break-Even Inflation	2.00	-5	▼	23	▲
10-year Australian Real Yield	-0.64	-6	▼	16	▲
Fed Funds Rate (lower bound)	0.00	0	—	0	—
2-year US Treasury Yield	0.21	-2	▼	9	▲
10-year US Treasury Yield	1.36	-6	▼	45	▲
30-year US Treasury Yield	1.99	-5	▼	34	▲
10-year German Bund Yield	-0.29	-6	▼	28	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
6.00% 1 March 2022	0.04	0	▲	-4	▼
4.00% 20 April 2023	0.11	2	▲	-3	▼
1.00% 8 February 2024	0.28	-2	▼	8	▲
5.00% 20 August 2024	0.44	-3	▼	22	▲
4.00% 20 May 2026	0.83	-8	▼	33	▲
3.00% 20 May 2027	1.07	-5	▼	41	▲
3.00% 20 March 2028	1.21	-8	▼	41	▲
3.00% 20 April 2029	1.36	-9	▼	43	▲
3.00% 20 February 2030	1.48	-10	▼	39	▲
2.00% 20 March 2031	1.61	-11	▼	35	▲
1.50% 20 February 2032	1.73	-11	▼	34	▲
2.00% 8 March 2033	1.84	-10	▼	38	▲
2.75% 20 November 2025 CIB	-1.14	1	▲	-3	▼
2.50% 20 November 2035 CIB	0.04	-10	▼	13	▲
10-year NSW TCorp Bond Yield	1.65	-11	▼	41	▲
10-year TCV (Victoria) Spread	-0.01	0	▼	-3	▼
10-year QTC (Queensland) Spread	-0.03	0	▼	1	▲
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	7,273	-0.5%	▼	10.4%	▲
S&P500 (US)	4,370	0.4%	▲	16.3%	▲
FTSE 100 (UK)	7,122	0.0%	▼	10.2%	▲
DJ Stoxx 600 (Europe)	458	0.2%	▲	14.7%	▲
Nikkei 225 (Japan)	27,940	-2.9%	▼	1.8%	▲
Shanghai Composite (China)	3,524	0.2%	▲	1.5%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.749	-0.5%	▼	-2.7%	▼
EUR/USD	1.188	0.1%	▲	-2.8%	▼
USD/JPY	110.14	-0.8%	▼	6.7%	▲
GBP/USD	1.39	0.6%	▲	1.7%	▲
US\$ Index	92.13	-0.1%	▼	2.4%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	75.55	-0.8%	▼	45.8%	▲
Iron Ore (US\$/t)	204.31	0.3%	▲	29.0%	▲
Coking Coal (US\$/t)	1,931.00	-2.3%	▼	28.7%	▲
Gold (US\$/oz)	1,808.32	1.2%	▲	-4.7%	▼

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