

The week that was

- Equity markets recorded solid gains last week despite a 75bps rate hike from the European Central Bank (ECB), and a 50bps rate increase from the Reserve Bank of Australia (RBA).
- Australian shares rose by 1% while European stocks climbed 1.1%. Japanese equities did better, rising 2%, while the US share market performed best last week, rising by 3.6%.
- While equity investors were unfazed by the actions and rhetoric of central banks, bond yields generally moved higher. In the US, 10-year yields rose by 12bps while German yields increased by 17bps.
- Australian bond yields, however, were a notable exception to the pattern with 10-year bond yields falling by 13bps.
- This appeared to reflect a speech from the RBA Governor indicating the RBA was likely to begin raising interest rates in smaller increments. It seems that investors interpreted this to mean that the RBA was coming towards the end of its tightening campaign.

Economic calendar

Monday 12/09	EU: ECB's Schnabel speech
Tuesday 13/09	AU: NAB business survey, Aug US: Consumer inflation, Aug
Wednesday 14/09	EU: Industrial production, Jul US: Producer prices, Aug
Thursday 15/09	AU: Employment, Aug US: Retail sales, Aug
Friday 16/09	CH: Retail sales, Aug EU: Consumer inflation, Aug

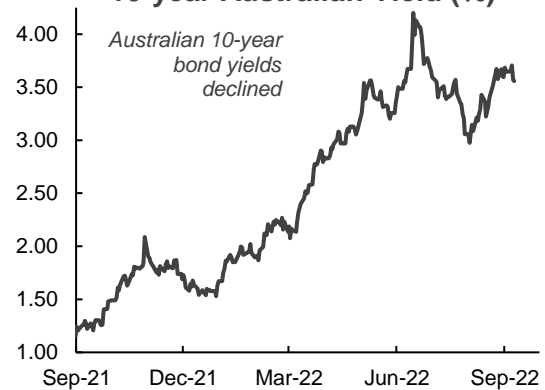
The week ahead

- Inflation dominates the global economic calendar this week, with August consumer prices released in both the US and Europe. With oil prices declining over recent months, US inflation may be modest for a second consecutive month. This could embolden investors to think that the US central bank may soon pause its tightening campaign.
- Lower petrol prices have also supported a modest improvement in consumer confidence in Australia, albeit from very low levels. Consumer sentiment data will reveal whether that has continued to rise in September. Business confidence data will also be released.
- Australian employment was surprisingly weak in July and most forecasters are expecting a strong bounce-back in August. But if figures released this week show this hasn't occurred, it again may lead investors to think that the RBA may be close to pausing its rate hikes.

AUDUSD



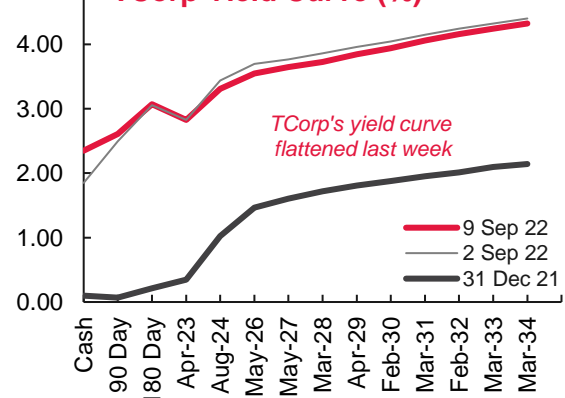
10-year Australian Yield (%)



ASX200 (Index)



TCorp Yield Curve (%)



Financial markets data: Week ending 9 September 2022

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	2.35	50	▲	225	▲
90-day BBSW	2.61	12	▲	254	▲
3-year Australian Bond Yield	3.12	-13	▼	221	▲
10-year Australian Bond Yield	3.56	-9	▼	189	▲
20-year Australian Bond Yield	3.87	-8	▼	160	▲
10-year Australian Break-Even Inflation	2.23	-13	▼	-4	▼
10-year Australian Real Yield	1.33	4	▲	193	▲
Fed Funds Rate (lower bound)	2.25	0	—	225	▲
2-year US Treasury Yield	3.56	17	▲	282	▲
10-year US Treasury Yield	3.31	12	▲	180	▲
30-year US Treasury Yield	3.45	10	▲	154	▲
10-year German Bund Yield	1.70	17	▲	188	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 20 April 2023	2.83	0	—	249	▲
1.00% 8 February 2024	3.28	-12	▼	245	▲
5.00% 20 August 2024	3.31	-13	▼	229	▲
1.25% 20 March 2025	3.42	-15	▼	220	▲
4.00% 20 May 2026	3.55	-15	▼	208	▲
3.00% 20 May 2027	3.65	-12	▼	204	▲
3.00% 20 March 2028	3.73	-14	▼	201	▲
3.00% 20 April 2029	3.85	-11	▼	204	▲
3.00% 20 February 2030	3.94	-10	▼	207	▲
2.00% 20 March 2031	4.06	-9	▼	211	▲
1.50% 20 February 2032	4.16	-8	▼	215	▲
2.00% 8 March 2033	4.25	-8	▼	215	▲
3.50% 20 March 2034	4.33	-8	▼	218	▲
2.75% 20 November 2025 CIB	0.37	0	▼	140	▲
2.50% 20 November 2035 CIB	2.04	2	▲	200	▲
10-year NSW TCorp Bond Yield	4.17	-9	▼	219	▲
10-year TCV (Victoria) Spread	-0.02	0	▲	-5	▼
10-year QTC (Queensland) Spread	-0.07	0	▲	-9	▼
Equities	Close	1 Week		YTD	
S&P/ASX 200 (Australia)	6,894	1.0%	▲	-7.4%	▼
S&P 500 (US)	4,067	3.6%	▲	-14.7%	▼
FTSE 100 (UK)	7,351	1.0%	▲	-0.5%	▼
DJ Stoxx 600 (Europe)	420	1.1%	▲	-13.8%	▼
Nikkei 225 (Japan)	28,215	2.0%	▲	-2.0%	▼
Shanghai Composite (China)	3,262	2.4%	▲	-10.4%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.684	0.4%	▲	-5.8%	▼
EUR/USD	1.004	0.9%	▲	-11.7%	▼
USD/JPY	142.47	1.6%	▲	23.8%	▲
GBP/USD	1.16	0.7%	▲	-14.4%	▼
US\$ Index	109.00	-0.5%	▼	13.9%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	92.84	-0.2%	▼	19.4%	▲
Iron Ore (US\$/t)	102.23	7.2%	▲	-9.1%	▼
Coking Coal (US\$/t)	2,128.50	0.0%	▼	3.7%	▲
Gold (US\$/oz)	1,716.83	0.3%	▲	-6.1%	▼

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