

The week that was

- The devastating bushfires were front of mind for everybody last week. But while the personal, social and community impact is enormous, this will not be reflected in much weaker economic activity or financial market movements.
- That said, markets were on a rollercoaster ride this week as tensions between the US and Iran ebbed and flowed following the killing of an Iranian general.
- The Australian equity market traded through a 3% range over the week, but closed on its highs. Australian 10-year bond yields traded through an 11bps range but were just a touch lower than a week ago. The price of oil also followed the rollercoaster, peaking at US\$71.75 a barrel before finishing the week at US\$64.98. While tensions have eased, there remains some uncertainty around further retaliation.
- In Australia, the trade surplus rose in November, partly due to firm exports, but also weak imports of consumer goods which could be a warning sign for retail spending in 2020. November building approvals also beat expectations. While monthly data have been volatile in recent months, there may be some early signs of stabilisation.
- Globally, surveys of manufacturing activity continue to suggest some improvement in 2020 while in the US, the jobs report pointed to reasonable jobs growth at the end of 2019.

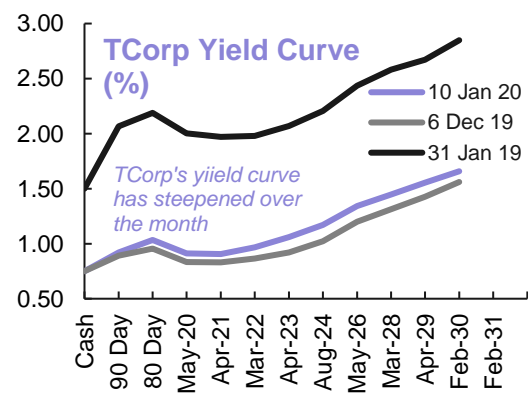
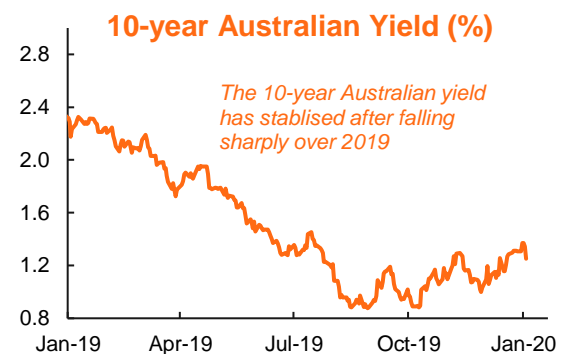
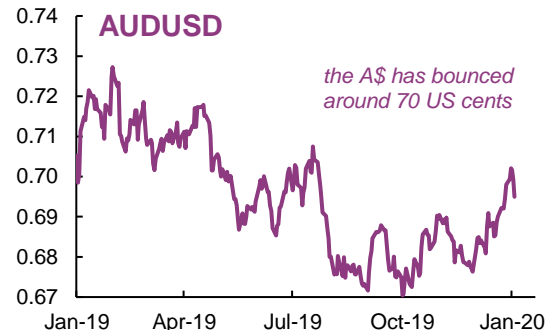
Economic calendar

Monday 13/12	UK: Monthly GDP
Tuesday 14/12	CH: Trade balance
Wednesday 15/12	US: Fed Beige Book Official signing of Phase 1 Trade Deal
Thursday 16/12	US: Retail sales AU: Home loan approvals
Friday 17/12	CH: Industrial production, GDP, retail sales

The week ahead

- The formal signing of the Phase 1 trade deal between the US and China is likely to gain many of the headlines this week, however we think the US retail sales, and the swathe of Chinese economic data released on Friday will be more important for showing how much momentum these economies had at the end of 2019.
- In Australia, it will be a very quiet week with home loan approvals the only important data to be released.

Financial markets charts



Financial markets data: Week ending 13 January 2020

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.75	0	—	-75	▼
90-day BBSW	0.91	-2	▼	-119	▼
3-year Australian Bond Yield	0.79	-1	▼	-106	▼
10-year Australian Bond Yield	1.25	0	▲	-106	▼
20-year Australian Bond Yield	1.77	1	▲	-91	▼
10-year Australian Break-Even Inflation	1.43	1	▲	-21	▼
10-year Australian Real Yield	-0.17	-1	▼	-85	▼
Fed Funds Rate (lower bound)	1.50	0	—	-75	—
2-year US Treasury Yield	1.57	5	▲	-92	▼
10-year US Treasury Yield	1.82	3	▲	-86	▼
30-year US Treasury Yield	2.28	3	▲	-74	▼
10-year German Bund Yield	-0.20	8	▲	-44	▼
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
6.00% 1 May 2020	0.89	-2	▼	-113	▼
4.00% 8 April 2021	0.89	-2	▼	-113	▼
6.00% 1 March 2022	0.97	0	▼	-108	▼
4.00% 20 April 2023	1.05	-1	▼	-113	▼
5.00% 20 August 2024	1.15	-2	▼	-117	▼
4.00% 20 May 2026	1.32	-2	▼	-121	▼
3.00% 20 May 2027	1.44	0	▼	-122	▼
3.00% 20 March 2028	1.55	-1	▼	-119	▼
3.00% 20 April 2029	1.66	0	▼	-119	▼
3.00% 20 February 2030	1.71	0	▼	-120	▼
3.75% 20 August 2020 CIB	-0.81	-13	▼	-147	▼
2.75% 20 November 2025 CIB	-0.02	-5	▼	-94	▼
2.50% 20 November 2035 CIB	0.63	2	▲	-61	▼
10-year NSW TCorp Bond Yield	1.72	0	▼	-110	▼
10-year TCV (Victoria) Spread	-0.01	0	▲	3	▲
10-year QTC (Queensland) Spread	0.05	1	▲	-2	▼
Equities	Close	1 Week		YTD	
S&P/ASX 200 (Australia)	6,929	2.9%	▲	22.7%	▲
S&P 500 (US)	3,265	0.9%	▲	30.3%	▲
FTSE 100 (UK)	7,588	-0.5%	▼	12.8%	▲
DJ Stoxx 600 (Europe)	419	0.2%	▲	24.1%	▲
Nikkei 225 (Japan)	23,851	0.8%	▲	19.2%	▲
Shanghai Composite (China)	3,092	0.3%	▲	24.0%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.690	-0.7%	▼	-2.1%	▼
EUR/USD	1.112	-0.4%	▼	-3.0%	▼
USD/JPY	109.45	1.3%	▲	-0.2%	▼
GBP/USD	1.31	-0.1%	▼	2.4%	▲
US\$ Index	97.36	0.5%	▲	1.2%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	64.98	-5.3%	▼	20.8%	▲
Iron Ore (US\$/t)	93.26	-0.1%	▼	31.1%	▲
Coking Coal (US\$/t)	1,254.00	2.5%	▲	-13.2%	▼
Gold (US\$/oz)	1,562.34	0.7%	▲	21.8%	▲

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