

## The week that was

- The Chinese equity market fell by 5% last week, reversing part of its recent gains, following the release of slightly disappointing economic data. While GDP growth bounced back sharply in the June quarter, retail sales in the month of June remained 1.8% lower than a year ago. This suggests that Chinese consumer demand hasn't yet recovered from its COVID-19 induced decline.
- Other equity markets were stronger, with the US market rising 1.2%, European stocks rising 1.6% and Australian equities up 1.9%. The rise in US equities came despite the ongoing increase in COVID-19 cases and hospitalisations, some State governments re-imposing economic restrictions and declining consumer sentiment.
- In Australia, part-time employment rebounded strongly in June as cafes and restaurants re-hired staff as restrictions were eased. Despite that, the unemployment rate rose to 7.4% as more people sought work and were unable to find it.

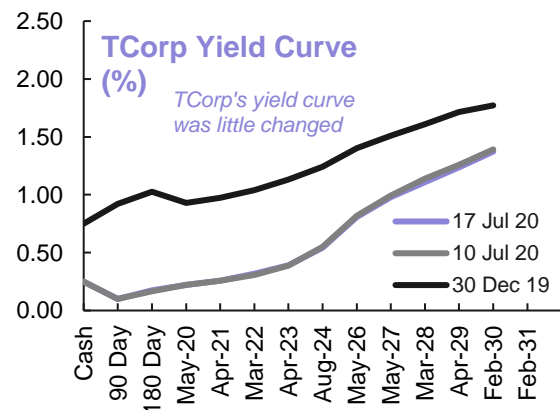
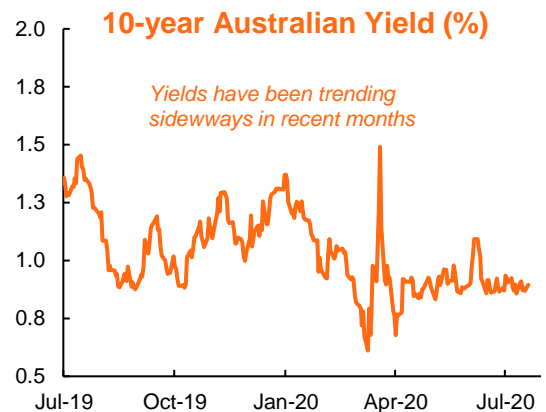
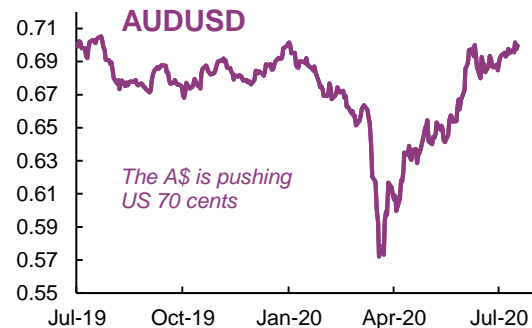
## Economic calendar

<b>Monday</b> 20/07	
<b>Tuesday</b> 21/07	AU: RBA Governor Lowe speech AU: RBA Monetary Policy meeting minutes
<b>Wednesday</b> 22/07	AU: Preliminary retail sales, Jun JP: Japan PMI, Jul
<b>Thursday</b> 23/07	AU: Commonwealth Fiscal Update US: Initial jobless claims
<b>Friday</b> 24/07	Global: Purchasing Managers' Indexes, Jul

## The week ahead

- This week, Australian Treasurer Frydenberg will deliver a fiscal policy update which should include updated economic and budget forecasts. Over May and June, Australian policymakers were becoming more optimistic that the economy was rebounding more quickly than earlier feared. The recent escalation of cases in Victoria, however, suggests that the Government will need to continue support beyond the end of September.
- US policymakers are also under pressure to extend their fiscal stimulus payments, some of which are due to expire at the end of July. As a result, investors will be hoping to see signs that US politicians can agree to an extension this week.
- In terms of economic data, the key focus will be on preliminary Purchasing Managers' Indexes for July which will highlight whether the positive momentum apparent in May and June has been maintained.

## Financial markets charts



## Financial markets data: Week ending 17 July 2020

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.25	0	—	-50	▼
90-day BBSW	0.10	0	—	-82	▼
3-year Australian Bond Yield	0.27	1	▲	-64	▼
10-year Australian Bond Yield	0.87	1	▲	-50	▼
20-year Australian Bond Yield	1.65	4	▲	-22	▼
10-year Australian Break-Even Inflation	1.13	4	▲	-27	▼
10-year Australian Real Yield	-0.27	-3	▼	-23	▼
Fed Funds Rate (lower bound)	0.00	0	—	-150	▼
2-year US Treasury Yield	0.15	-1	▼	-142	▼
10-year US Treasury Yield	0.63	-2	▼	-129	▼
30-year US Treasury Yield	1.33	-1	▼	-106	▼
10-year German Bund Yield	-0.45	2	▲	-26	▼
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 8 April 2021	0.26	0	▲	-74	▼
6.00% 1 March 2022	0.32	1	▲	-75	▼
4.00% 20 April 2023	0.39	0	▲	-78	▼
1.00% 8 February 2024	0.50	-2	▼	-78	▼
5.00% 20 August 2024	0.54	-1	▼	-74	▼
4.00% 20 May 2026	0.81	-1	▼	-65	▼
3.00% 20 May 2027	0.98	-1	▼	-60	▼
3.00% 20 March 2028	1.11	-3	▼	-56	▼
3.00% 20 April 2029	1.24	-2	▼	-54	▼
3.00% 20 February 2030	1.37	-2	▼	-47	▼
2.00% 20 March 2031	1.50	-1	▼	-46	▼
2.00% 20 March 2032	1.72	-2	▼	n/a	n/a
2.00% 20 March 2033	1.79	-3	▼	-41	▼
3.75% 20 August 2020 CIB	2.07	193	▲	275	▲
2.75% 20 November 2025 CIB	0.16	-5	▼	6	▲
2.50% 20 November 2035 CIB	0.63	-2	▼	n/a	n/a
10-year NSW TCorp Bond Yield	1.44	-4	▼	-41	▼
10-year TCV (Victoria) Spread	-0.03	1	▲	-1	▼
10-year QTC (Queensland) Spread	0.00	1	▲	-3	▼
Equities	Close	1 Week		YTD	
S&P/ASX 200 (Australia)	6,034	1.9%	▲	-9.7%	▼
S&P 500 (US)	3,225	1.2%	▲	-0.2%	▼
FTSE 100 (UK)	6,290	3.2%	▲	-16.6%	▼
DJ Stoxx 600 (Europe)	373	1.6%	▲	-10.4%	▼
Nikkei 225 (Japan)	22,696	1.8%	▲	-4.1%	▼
Shanghai Composite (China)	3,214	-5.0%	▼	5.4%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.700	0.7%	▲	-0.2%	▼
EUR/USD	1.143	1.1%	▲	1.9%	▲
USD/JPY	107.02	0.1%	▲	-1.4%	▼
GBP/USD	1.26	-0.4%	▼	-4.6%	▼
US\$ Index	95.94	-0.7%	▼	-0.5%	▼
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	43.14	-0.2%	▼	-34.6%	▼
Iron Ore (US\$/t)	107.99	2.8%	▲	18.0%	▲
Coking Coal (US\$/t)	1,246.50	-0.7%	▼	3.3%	▲
Gold (US\$/oz)	1,810.42	0.7%	▲	19.3%	▲

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