

Weekly Economic Report

13 June 2023

Financial markets charts

The week that was

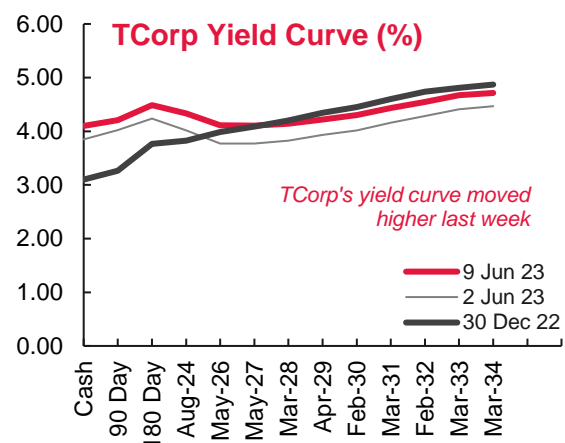
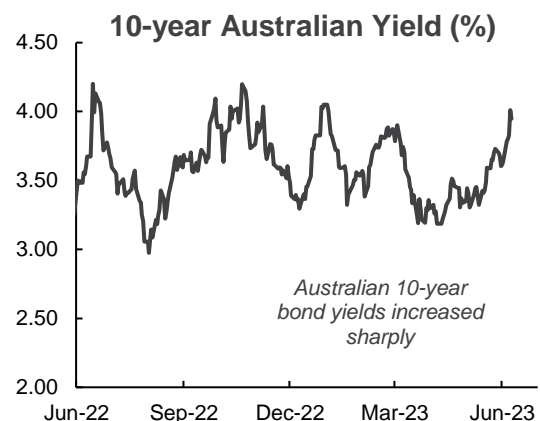
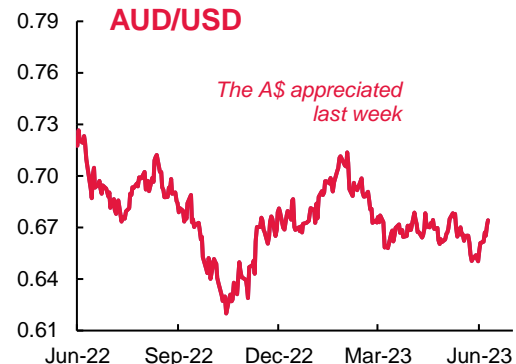
- In the ongoing battle to ensure inflation returns to target within a reasonable timeframe, the Reserve Bank of Australia (RBA) raised its policy rate by 25bps. The move was a surprise to many, prompting some economists and investors to revise up their expectations for the peak cash rate in this cycle. Australian 10-year bond yields rose 31bps, the ASX200 fell 0.3% and the Australian dollar appreciated by 2% last week.
- The Australian economy grew by 0.2% in the March quarter and 2.3% over the year. Business investment drove this growth, while household spending was weak and housing construction fell. Output per capita also fell in the quarter.
- The US ISM services index was weaker than expected in May and suggests that activity in the services sector is losing momentum. US 10-year bond yields rose 5bps and the S&P500 rose 0.4%.
- The Bank of Canada also surprised some market participants, raising its policy rate by 25bps to combat stubbornly high inflation.
- Eurozone GDP in the March quarter was revised lower, to -0.1%. This follows a fall of 0.1% in the December quarter and confirms a mild technical recession.

Economic calendar

Monday 12/06	
Tuesday 13/06	US: CPI, May AU: Westpac consumer confidence, Jun; NAB Business survey, May GE: CPI, May (final); ZEW Survey, Jun UK: Labour market data, Apr/May
Wednesday 14/06	US: FOMC policy decision; PPI, May UK: Monthly GDP, Apr
Thursday 15/06	AU: Labour force survey, May EU: ECB policy decision US: Retail sales & industrial production, May; Empire Manufacturing, Jun CH: monthly activity data, May
Friday 16/06	JN: Bank of Japan policy decision US: University of Michigan sentiment, June (prelim) EC: CPI, May (final)

The week ahead

- Attention this week will be on policy decisions by the US Federal Reserve, the European Central Bank, and the Bank of Japan.
- In the US, consumer inflation data and retail sales data for May are the key data.
- Locally, labour force data will be the focus. Updated readings of consumer and business sentiment will also be released.



Financial markets data: Week ending 9 June 2023

INTEREST RATES	CLOSE (%)	1 WEEK (BPS)		YTD (BPS)	
RBA Cash Rate	4.10	25	▲	100	▲
90-day BBSW	4.21	19	▲	94	▲
3-year Australian Bond Yield	3.83	40	▲	32	▲
10-year Australian Bond Yield	3.95	31	▲	-10	▼
20-year Australian Bond Yield	4.27	23	▲	-10	▼
10-year Australian Break-Even Inflation	2.45	2	▲	-1	▼
10-year Australian Real Yield	1.50	28	▲	-9	▼
Fed Funds Rate (lower bound)	5.00	0	—	75	▲
2-year US Treasury Yield	4.60	10	▲	17	▲
10-year US Treasury Yield	3.74	5	▲	-14	▼
30-year US Treasury Yield	3.88	-1	▼	-8	▼
10-year German Bund Yield	2.38	6	▲	-19	▼
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
1.00% 8 February 2024	4.36	26	▲	62	▲
5.00% 20 August 2024	4.33	31	▲	51	▲
1.25% 20 March 2025	4.25	34	▲	41	▲
4.00% 20 May 2026	4.11	34	▲	13	▲
3.00% 20 May 2027	4.10	33	▲	1	▲
3.00% 20 March 2028	4.14	32	▲	-6	▼
3.00% 20 April 2029	4.22	29	▲	-13	▼
3.00% 20 February 2030	4.30	28	▲	-15	▼
2.00% 20 March 2031	4.43	27	▲	-17	▼
1.50% 20 February 2032	4.55	26	▲	-19	▼
2.00% 8 March 2033	4.67	26	▲	-14	▼
3.50% 20 March 2034	4.71	25	▲	-16	▼
2.75% 20 November 2025 CIB	1.16	47	▲	35	▲
2.50% 20 November 2035 CIB	2.29	31	▲	-9	▼
10-year NSW TCorp Bond Yield	4.65	26	▲	-10	▼
10-year TCV (Victoria) Spread	0.02	-2	▼	-3	▼
10-year QTC (Queensland) Spread	-0.12	-1	▼	-7	▼
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	7,123	-0.3%	▼	1.2%	▲
S&P500 (US)	4,299	0.4%	▲	12.0%	▲
FTSE 100 (UK)	7,562	-0.6%	▼	1.5%	▲
DJ Stoxx600 (Europe)	460	-0.5%	▼	8.3%	▲
Nikkei 225 (Japan)	32,265	2.4%	▲	23.6%	▲
Shanghai Composite (China)	3,231	0.0%	▲	4.6%	▲
	7,123	-0.3%	▼	1.2%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.674	2.0%	▲	-1.0%	▼
EUR/USD	1.075	0.4%	▲	0.4%	▲
USD/JPY	139.40	-0.4%	▼	6.3%	▲
GBP/USD	1.26	1.0%	▲	4.0%	▲
US\$ Index	103.56	-0.4%	▼	0.0%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	74.79	-1.8%	▼	-12.9%	▼
Iron Ore (US\$/t)	113.75	6.9%	▲	2.2%	▲
Coking Coal (US\$/t)	171.48	-0.6%	▼	-52.4%	▼
Gold (US\$/oz)	1,961.19	0.7%	▲	7.5%	▲

Brian Redican
Chief Economist
brian.redican@tcorp.nsw.gov.au

Emily Perry
Senior Economist
emily.perry@tcorp.nsw.gov.au



Level 7, Deutsche Bank Place
126 Phillip Street
Sydney NSW 2000, Australia

T +61 2 9325 9325

W www.tcorp.nsw.gov.au

ABN 99 095 235 825

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