

# Weekly Economic Report

13 March 2023

## Financial markets charts

### The week that was

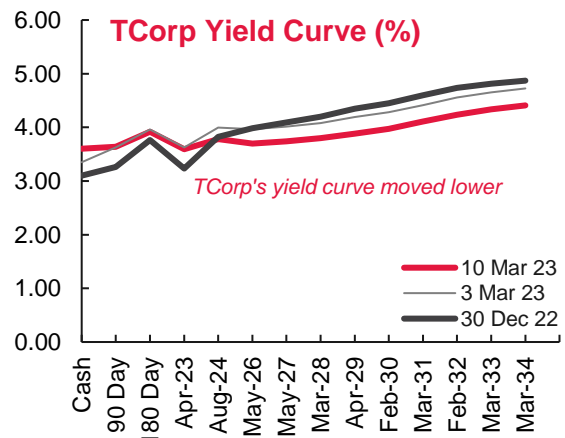
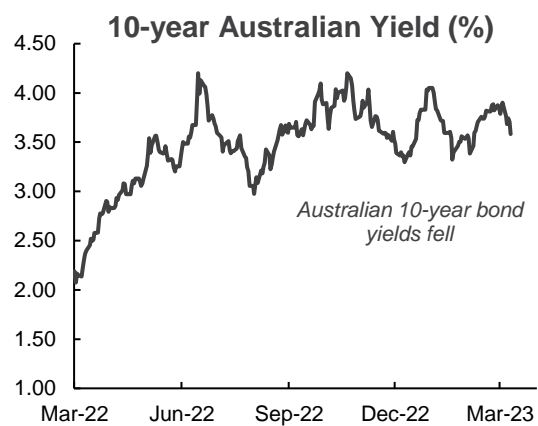
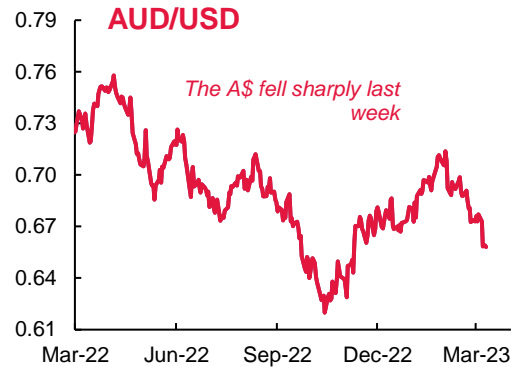
- On Friday, financial markets reflected concerns around possible contagion from the collapse of Silicon Valley Bank in the US. This saw large falls in bond yields and equity markets. US 2-year (27bps) and 10-year bond yields (25bps) ended the week lower and the S&P500 declined by 4.5%. The ASX200 fell by 1.9%.
- Earlier in the week, US Federal Reserve Chair Powell's testimony to Congress was more hawkish than expected. Powell said that US interest rates may need to reach a higher level than previously thought and that a 50bps policy rate increase in March is a possibility if the data supports it. Non-farm payrolls data for February was also stronger than expected.
- The Reserve Bank of Australia (RBA) increased its policy rate by 25bps to 3.60%. The statement accompanying the decision was interpreted as dovish and investors revised down expectations for the peak cash rate in response. There were falls in the Australian 3-year (27bps) and 10-year bonds (32bps) last week.
- The Australian dollar fell sharply by 2.8%, mainly reflecting the shift down in Australian interest rate expectations.

### Economic calendar

<b>Monday 13/03</b>	US: CPI, Feb; NFIB Small business survey, Feb UK: Labour market data, Jan & Feb
<b>Tuesday 14/03</b>	US: PPI, Feb; Retail sales, Feb; Empire manufacturing, Mar AU: Westpac consumer confidence, Mar; NAB business confidence, Feb
<b>Wednesday 15/03</b>	US: Housing starts & building permits, Feb CH: Industrial production, Investment & retail sales, Feb
<b>Thursday 16/03</b>	AU: Labour market data, Feb EU: ECB policy decision; CPI, Feb (final)
<b>Friday 17/03</b>	US: Industrial production, Feb; University of Michigan sentiment, March (prelim)

### The week ahead

- Locally, employment data for February will show whether the labour market has continued to soften.
- In the US, CPI data for February will provide an important read of inflationary pressures ahead of the US Federal Reserve's policy meeting next week.
- The European Central Bank meets on Thursday and is expected to raise its policy rate by 50bps.



## Financial markets data: Week ending 10 March 2023

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	3.60	25	▲	50	▲
90-day BBSW	3.64	1	▲	38	▲
3-year Australian Bond Yield	3.34	-27	▼	-17	▼
10-year Australian Bond Yield	3.58	-32	▼	-47	▼
20-year Australian Bond Yield	3.96	-26	▼	-41	▼
10-year Australian Break-Even Inflation	2.35	-16	▼	-11	▼
10-year Australian Real Yield	1.23	-16	▼	-36	▼
Fed Funds Rate (lower bound)	4.50	0	—	25	▲
2-year US Treasury Yield	4.59	-27	▼	16	▲
10-year US Treasury Yield	3.70	-25	▼	-18	▼
30-year US Treasury Yield	3.71	-17	▼	-26	▼
10-year German Bund Yield	2.51	-21	▼	-6	▼
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 20 April 2023	3.59	-3	▼	36	▲
1.00% 8 February 2024	3.78	-21	▼	4	▲
5.00% 20 August 2024	3.78	-22	▼	-5	▼
1.25% 20 March 2025	3.71	-24	▼	-14	▼
4.00% 20 May 2026	3.70	-27	▼	-29	▼
3.00% 20 May 2027	3.74	-27	▼	-35	▼
3.00% 20 March 2028	3.80	-28	▼	-40	▼
3.00% 20 April 2029	3.88	-31	▼	-46	▼
3.00% 20 February 2030	3.97	-31	▼	-48	▼
2.00% 20 March 2031	4.11	-31	▼	-49	▼
1.50% 20 February 2032	4.24	-32	▼	-50	▼
2.00% 8 March 2033	4.33	-32	▼	-48	▼
3.50% 20 March 2034	4.41	-32	▼	-46	▼
2.75% 20 November 2025 CIB	0.56	-3	▼	-25	▼
2.50% 20 November 2035 CIB	1.97	-17	▼	-42	▼
10-year NSW TCorp Bond Yield	4.30	-31	▼	-45	▼
10-year TCV (Victoria) Spread	0.00	1	▲	-4	▼
10-year QTC (Queensland) Spread	-0.08	1	▲	-2	▼
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	7,145	-1.9%	▼	1.5%	▲
S&P500 (US)	3,862	-4.5%	▼	0.6%	▲
FTSE 100 (UK)	7,748	-2.5%	▼	4.0%	▲
DJ Stoxx600 (Europe)	454	-2.3%	▼	6.8%	▲
Nikkei 225 (Japan)	28,144	0.8%	▲	7.9%	▲
Shanghai Composite (China)	3,230	-3.0%	▼	4.6%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.658	-2.8%	▼	-3.4%	▼
EUR/USD	1.064	0.1%	▲	-0.6%	▼
USD/JPY	135.03	-0.6%	▼	3.0%	▲
GBP/USD	1.20	0.0%	▼	-0.4%	▼
US\$ Index	104.58	0.1%	▲	1.0%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	82.78	-3.6%	▼	-3.6%	▼
Iron Ore (US\$/t)	129.04	2.3%	▲	16.0%	▲
Coking Coal (US\$/t)	373.08	-0.1%	▼	3.5%	▲
Gold (US\$/oz)	1,868.26	0.6%	▲	2.4%	▲

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