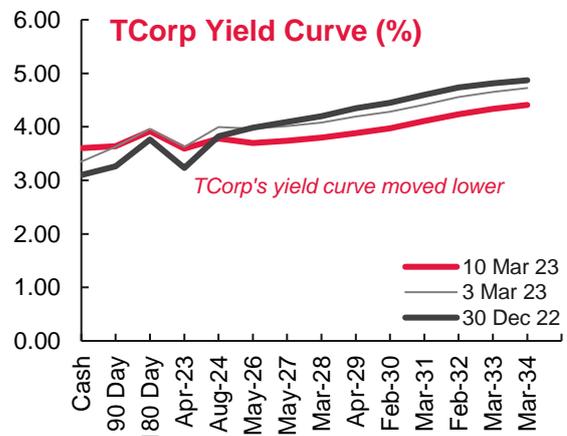
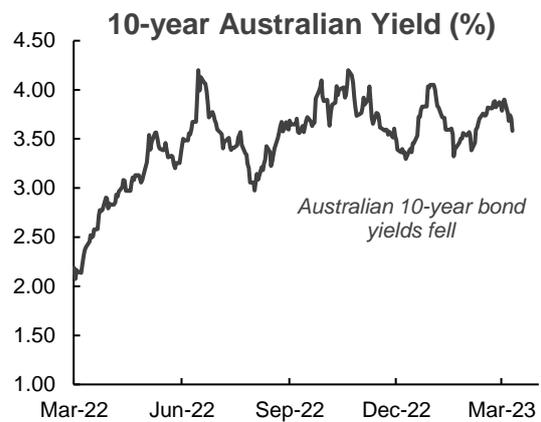


Financial markets charts

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

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

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

Disclaimer

The opinions, forecasts and data contained in this report is based on the research of TCorp as at the date of publication and is subject to change without notice. TCorp is not responsible for the accuracy, adequacy, currency or completeness of any information in the report provided by third parties. This report is provided for general information purposes only and should not be relied upon for investment or trading purposes. This report is not intended to forecast or predict future events.

Unauthorised copying and distribution of this material is prohibited.

© New South Wales Treasury Corporation 2023. All rights reserved.

About New South Wales Treasury Corporation (TCorp)

TCorp provides best-in-class investment management, financial management, solutions and advice to the New South Wales (NSW) public sector. With A\$107 billion of assets under management, TCorp is a top 10 Australian investment manager and is the central borrowing authority of the state of NSW, with a balance sheet of A\$145 billion. It is rated Aaa (Stable) by Moody's, AAA (Stable) by Fitch, and AA+ (Stable) by S&P