

Financial markets charts

The week that was

- The Reserve Bank of Australia (RBA) raised its policy rate by 25bps last week to 4.35%. The RBA acknowledged that higher interest rates were causing hardship for those households with large mortgages but argued that it had to respond to the risk that inflation remains too high for too long.
- Despite the RBA's focus on inflation, financial markets responded to the decision by driving down yields and pushing up equity prices. Over the week, 3-year bond yields fell by 3bps while 10-year yields declined by 10bps.
- The fall in Australian bond yields contrasted to the US experience where 10-year yields rose by 8bps and 2-year yields rose by 22bps. Higher US yields were attributed to large US debt issuance and a perception that the Chair of the US Federal Reserve was more hawkish than expected.
- Despite higher bond yields, the US S&P500 managed to rise by 1.3% over the week, led higher by technology stocks. Australian stocks were flat while European equities declined by 0.2%.

Economic calendar

Monday 13/11	AU: RBA's Kohler speech
Tuesday 14/11	AU: NAB business survey US: Consumer price inflation, Oct
Wednesday 15/11	AU: Wage price index, Q3 CH: Retail sales, Oct
Thursday 16/11	AU: Employment, Oct US: Industrial production, Oct
Friday 17/11	US: Housing starts, Oct EU: ECB President Lagarde speech

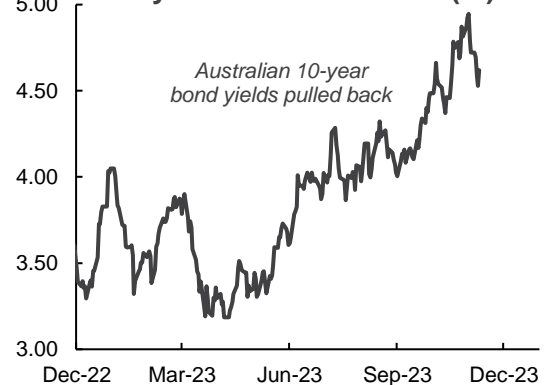
The week ahead

- The Australian labour market will be the focus this week with the quarterly wage price index and monthly employment survey data scheduled for release.
- The wage price index will reveal the impact of the large increase in the minimum wage that occurred at the start of July, which is likely to trigger warnings from some economists that wages growth is too high. More timely data, however, suggest that wages growth has not accelerated since then. The jobs data will also be important to see if the recent slowdown in labour demand has persisted.
- Globally, US inflation data will be important given the Fed's continued focus on price pressures. Also of interest will be US retail sales these have been healthy in recent months, but a deterioration of consumer sentiment raises the possibility that spending might be slowing as we head into the end of 2023.

AUD/USD



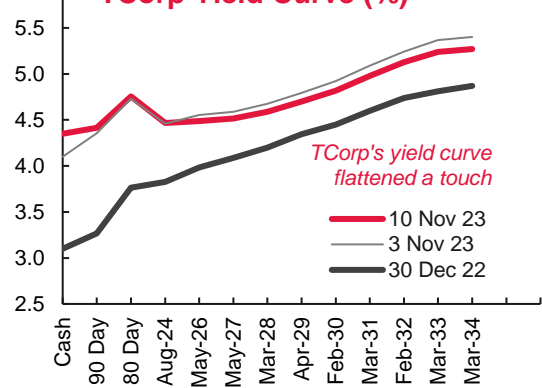
10-year Australian Yield (%)



ASX200 (Index)



TCorp Yield Curve (%)



Financial markets data: Week ending 10 November 2023

INTEREST RATES	CLOSE (%)	1 WEEK (BPS)		YTD (BPS)	
RBA Cash Rate	4.35	25	▲	125	▲
90-day BBSW	4.41	6	▲	115	▲
3-year Australian Bond Yield	4.24	-4	▼	74	▲
10-year Australian Bond Yield	4.62	-10	▼	57	▲
20-year Australian Bond Yield	4.93	-10	▼	56	▲
10-year Australian Break-Even Inflation	2.64	-4	▼	18	▲
10-year Australian Real Yield	1.98	-6	▼	39	▲
Fed Funds Rate (lower bound)	5.25	0	—	100	▲
2-year US Treasury Yield	5.06	22	▲	64	▲
10-year US Treasury Yield	4.65	8	▲	78	▲
30-year US Treasury Yield	4.76	0	▼	80	▲
10-year German Bund Yield	2.72	7	▲	15	▲
	4.35	25	▲	125	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
1.00% 8 February 2024	4.40	4	▲	66	▲
5.00% 20 August 2024	4.47	1	▲	64	▲
1.25% 20 March 2025	4.52	-2	▼	68	▲
4.00% 20 May 2026	4.49	-7	▼	50	▲
3.00% 20 May 2027	4.52	-7	▼	43	▲
3.00% 20 March 2028	4.59	-9	▼	39	▲
3.00% 20 April 2029	4.70	-9	▼	36	▲
3.00% 20 February 2030	4.82	-10	▼	37	▲
2.00% 20 March 2031	4.98	-11	▼	38	▲
1.50% 20 February 2032	5.13	-12	▼	39	▲
2.00% 8 March 2033	5.24	-13	▼	43	▲
3.50% 20 March 2034	5.27	-13	▼	40	▲
2.75% 20 November 2025 CIB	1.50	-4	▼	69	▲
2.50% 20 November 2035 CIB	2.69	-5	▼	24	▲
10-year NSW TCorp Bond Yield	5.24	-12	▼	49	▲
10-year TCV (Victoria) Spread	0.06	0	▲	2	▲
10-year QTC (Queensland) Spread	-0.09	0	▼	-3	▼
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	6,976	0.0%	▼	-0.9%	▼
S&P500 (US)	4,415	1.3%	▲	15.0%	▲
FTSE 100 (UK)	7,361	-0.8%	▼	-1.2%	▼
DJ Stoxx600 (Europe)	443	-0.2%	▼	4.3%	▲
Nikkei 225 (Japan)	32,568	1.9%	▲	24.8%	▲
Shanghai Composite (China)	3,039	0.3%	▲	-1.6%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.636	-2.3%	▼	-6.6%	▼
EUR/USD	1.069	-0.4%	▼	-0.2%	▼
USD/JPY	151.52	1.4%	▲	15.6%	▲
GBP/USD	1.22	-1.2%	▼	1.2%	▲
US\$ Index	105.86	0.8%	▲	2.3%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	81.43	-4.1%	▼	-5.2%	▼
Iron Ore (US\$/t)	128.31	2.3%	▲	15.3%	▲
Coking Coal (US\$/t)	277.12	0.0%	▼	-23.1%	▼
Gold (US\$/oz)	1,940.20	-2.6%	▼	6.4%	▲

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