

The week that was

- COVID-19 cases have begun to show signs of reaching a peak in Europe and the US buoying equity markets over the week. In addition, the US Fed announced a US\$2.3 trillion loan facility to support credit markets. Australian equities were up 6.3% while the US S&P500 rose 12.1% and European stocks increased 7.4%.
- At its April policy meeting, the RBA announced it would be reducing the pace of bond purchases. Australian 10-year yields rose 15bps to 0.91%. US 10-year yields were also up 12bps to 0.72%.
- Ratings agencies have begun to note the impact of COVID-19 with the Fitch ratings agency downgrading Australia's Big 4 Banks from AA- to A+. S&P maintained Australia's AAA credit rating, however downgraded the outlook to negative as the huge stimulus measures announced so far will result in a far larger budget deficit than during the GFC.
- February core inflation in China printed at 1.1% (target 3%) with both food and non-food prices rising at a slower pace. US core inflation was below expectations at -0.1% vs +0.1% while initial jobless claims continue to soar rising by a further 6.6 million last week.

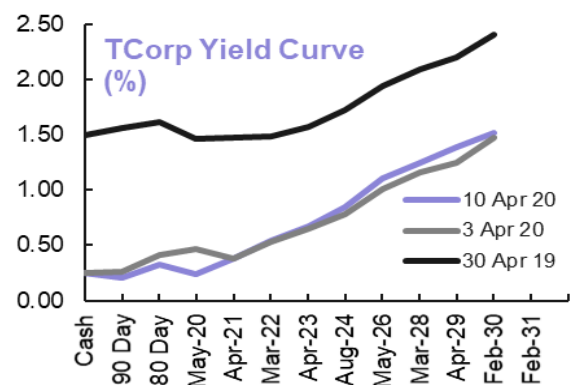
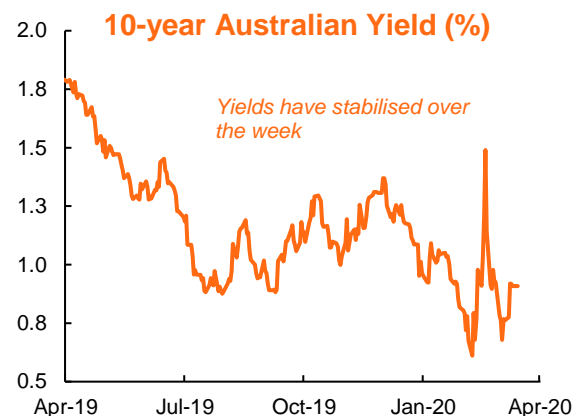
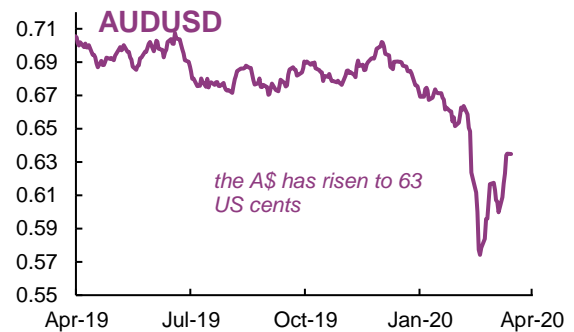
Economic calendar

Monday 13/04	
Tuesday 14/04	AU: NAB Business Confidence, Mar CH: Trade Balance, Mar
Wednesday 15/04	AU: Westpac Consumer Confidence, Apr US: Industrial Production, Mar
Thursday 16/04	AU: Unemployment Rate, Mar US: Initial Jobless Claims
Friday 17/04	CH: GDP, 1Q

The week ahead

- Social distancing was introduced in Australia mid-March. This will have some impact on the March unemployment rate to be released this week, however the full extent of the shutdown will be revealed in April.
- Chinese 1Q GDP will indicate the extent the economy was impacted by the stringent COVID-19 containment measures. Subsequent data will provide some indication of how the economy is recovering as those measures begin to lift.
- In the US, the earnings reporting season will be the focus for markets as investors look for guidance from companies on how they are being affected by COVID-19.

Financial markets charts



Financial markets data: Week ending 10 April 2020

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.25	0	—	-50	▼
90-day BBSW	0.21	-5	▼	-71	▼
3-year Australian Bond Yield	0.26	3	▲	-64	▼
10-year Australian Bond Yield	0.91	15	▲	-46	▼
20-year Australian Bond Yield	1.71	20	▲	-15	▼
10-year Australian Break-Even Inflation	0.73	13	▲	-67	▼
10-year Australian Real Yield	0.18	2	▲	21	▲
Fed Funds Rate (lower bound)	0.00	0	—	-150	▼
2-year US Treasury Yield	0.23	0	▼	-134	▼
10-year US Treasury Yield	0.72	12	▲	-120	▼
30-year US Treasury Yield	1.34	13	▲	-105	▼
10-year German Bund Yield	-0.35	9	▲	-16	▼
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
6.00% 1 May 2020	0.24	-22	▼	-69	▼
4.00% 8 April 2021	0.38	0	▲	-62	▼
6.00% 1 March 2022	0.54	1	▲	-52	▼
4.00% 20 April 2023	0.67	2	▲	-50	▼
1.00% 8 February 2024	0.83	4	▲	-45	▼
5.00% 20 August 2024	0.84	6	▲	-44	▼
4.00% 20 May 2026	1.11	10	▲	-35	▼
3.00% 20 May 2027	1.25	9	▲	-32	▼
3.00% 20 March 2028	1.39	15	▲	-27	▼
3.00% 20 April 2029	1.52	17	▲	-26	▼
3.00% 20 February 2030	1.66	19	▲	-18	▼
2.00% 20 March 2031	1.79	20	▲	-17	▼
2.00% 20 March 2032	1.98	20	▲	n/a	n/a
2.00% 20 March 2033	1.99	21	▲	-20	▼
3.75% 20 August 2020 CIB	-0.96	-5	▼	-28	▼
2.75% 20 November 2025 CIB	0.64	-5	▼	54	▲
2.50% 20 November 2035 CIB	1.20	4	▲	n/a	n/a
10-year NSW TCorp Bond Yield	1.68	18	▲	-16	▼
10-year TCV (Victoria) Spread	-0.04	2	▲	-2	▼
10-year QTC (Queensland) Spread	0.00	1	▲	-3	▼
Equities	Close	1 Week		YTD	
S&P/ASX 200 (Australia)	5,387	6.3%	▲	-19.4%	▼
S&P 500 (US)	2,790	12.1%	▲	-13.6%	▼
FTSE 100 (UK)	5,843	7.9%	▲	-22.5%	▼
DJ Stoxx 600 (Europe)	332	7.4%	▲	-20.2%	▼
Nikkei 225 (Japan)	19,499	9.4%	▲	-17.6%	▼
Shanghai Composite (China)	2,797	1.2%	▲	-8.3%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.635	5.9%	▲	-9.4%	▼
EUR/USD	1.094	1.3%	▲	-2.5%	▼
USD/JPY	108.47	-0.1%	▼	-0.1%	▼
GBP/USD	1.25	1.5%	▲	-5.5%	▼
US\$ Index	99.48	-1.1%	▼	3.2%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	31.48	-7.7%	▼	-52.3%	▼
Iron Ore (US\$/t)	83.71	1.8%	▲	-8.5%	▼
Coking Coal (US\$/t)	1,328.50	0.0%	—	10.1%	▲
Gold (US\$/oz)	1,696.65	4.7%	▲	11.8%	▲

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