

# Weekly economic report

14 August 2023

## Financial markets charts

### The week that was

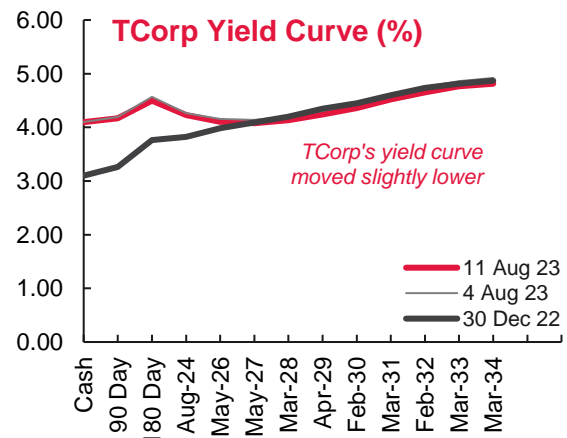
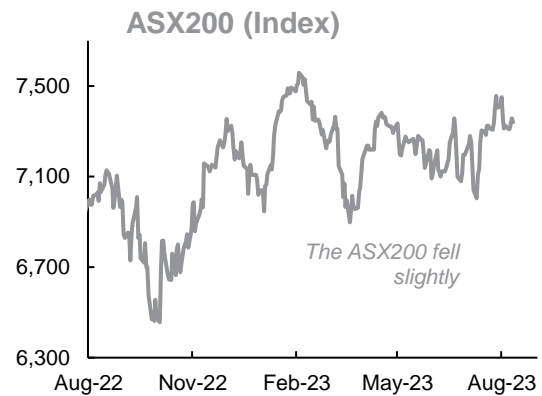
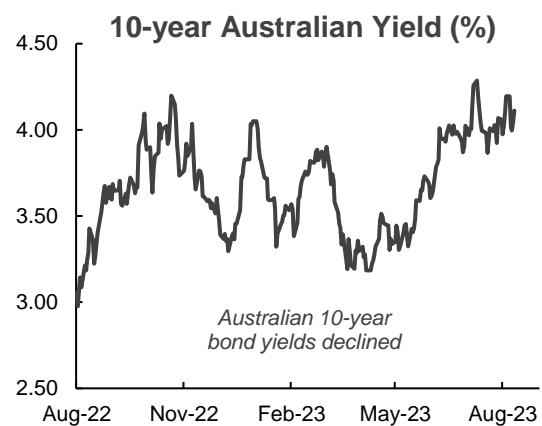
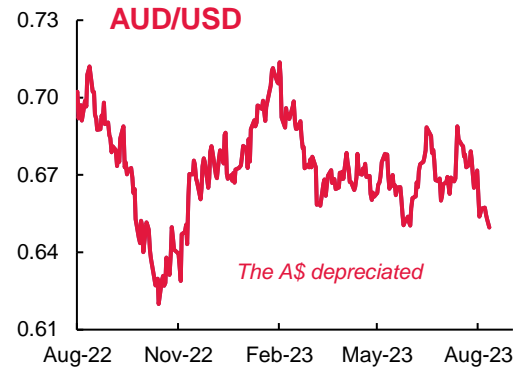
- US consumer price inflation was as expected in July, with headline and core inflation rising by 0.2%. In contrast, producer price inflation was slightly stronger than expected and, combined with increased bond issuance by the US Treasury Department, drove US 10-year bond yields 12bps higher last week. The S&P500 fell 0.3%, weighed down by Moody's downgrading the credit ratings of 10 smaller US banks.
- Survey data suggests that consumer and business sentiment in Australia were little changed in August and July, respectively. Consumer sentiment remains weak and business confidence is low.
- The Reserve Bank of Australia (RBA) Governor noted that although monetary policy may need to be tightened further, it has entered a 'calibration phase' under which the RBA Board will likely only need to make small adjustments in response to incoming data. Australian 10-year bond yields declined 8bps last week and the ASX200 rose 0.2%.
- Consumer prices in China fell by 0.2% in the year to July, but core inflation is 0.8% higher over the year. Producer prices remain in deflation.
- Preliminary data suggests that the UK economy grew by 0.2% in the June quarter.

### Economic calendar

<b>Monday</b> 14/08	
<b>Tuesday</b> 15/08	AU: Wage Price Index, Jun qtr; RBA Minutes, August US: Retail sales, Jul; Empire Manufacturing, Aug CH: Monthly activity indicators, Jul CA: CPI, Jul UK: Labour market data, Jun/Jul JN: GDP, June qtr (prelim)
<b>Wednesday</b> 16/08	US: FOMC July meeting minutes; Building permits, Jul; Housing starts, Jul; Industrial production, Jul UK: CPI, Jul NZ: RBNZ policy meeting EC: GDP & employment, June qtr (prelim)
<b>Thursday</b> 17/08	AU: Labour force, Jul US: Weekly jobless claims
<b>Friday</b> 18/08	JN: National CPI, Jul EC: CPI, Jul (final) UK: Retail sales, Jul

### The week ahead

- Locally, the focus will be on wages growth, labour force data, and the RBA Board meeting minutes.
- In the US, attention will be paid to the minutes from the FOMC's July meeting and retail sales data. Inflation data in several countries will also be released, as well as monthly activity data in China.



## Financial markets data: Week ending 11 August 2023

INTEREST RATES	CLOSE (%)	1 WEEK (BPS)		YTD (BPS)	
RBA Cash Rate	4.10	0	—	100	▲
90-day BBSW	4.17	-2	▼	90	▲
3-year Australian Bond Yield	3.82	-5	▼	32	▲
10-year Australian Bond Yield	4.11	-8	▼	6	▲
20-year Australian Bond Yield	4.41	-8	▼	4	▲
10-year Australian Break-Even Inflation	2.46	-3	▼	0	▼
10-year Australian Real Yield	1.65	-6	▼	6	▲
Fed Funds Rate (lower bound)	5.25	0	—	100	▲
2-year US Treasury Yield	4.89	13	▲	47	▲
10-year US Treasury Yield	4.15	12	▲	28	▲
30-year US Treasury Yield	4.26	6	▲	30	▲
10-year German Bund Yield	2.62	6	▲	5	▲
<b>NSW TCorp Bonds</b>	<b>Close (%)</b>	<b>1 Week (bps)</b>		<b>YTD (bps)</b>	
1.00% 8 February 2024	4.21	-3	▼	47	▲
5.00% 20 August 2024	4.23	-3	▼	40	▲
1.25% 20 March 2025	4.20	-5	▼	35	▲
4.00% 20 May 2026	4.10	-6	▼	12	▲
3.00% 20 May 2027	4.08	-6	▼	-1	▼
3.00% 20 March 2028	4.14	-7	▼	-6	▼
3.00% 20 April 2029	4.24	-7	▼	-11	▼
3.00% 20 February 2030	4.36	-9	▼	-9	▼
2.00% 20 March 2031	4.52	-9	▼	-8	▼
1.50% 20 February 2032	4.65	-10	▼	-9	▼
2.00% 8 March 2033	4.77	-10	▼	-4	▼
3.50% 20 March 2034	4.81	-11	▼	-6	▼
2.75% 20 November 2025 CIB	1.30	-2	▼	49	▲
2.50% 20 November 2035 CIB	2.41	-4	▼	-3	▼
10-year NSW TCorp Bond Yield	4.75	-9	▼	0	▼
10-year TCV (Victoria) Spread	0.03	0	▲	-1	▼
10-year QTC (Queensland) Spread	-0.09	0	▲	-3	▼
<b>Equities</b>	<b>Close</b>	<b>1 Week</b>		<b>YTD</b>	
S&P/ASX200 (Australia)	7,340	0.2%	▲	4.3%	▲
S&P500 (US)	4,464	-0.3%	▼	16.3%	▲
FTSE 100 (UK)	7,524	-0.5%	▼	1.0%	▲
DJ Stoxx600 (Europe)	459	0.0%	▼	8.1%	▲
Nikkei 225 (Japan)	32,474	0.9%	▲	24.4%	▲
Shanghai Composite (China)	3,189	-3.0%	▼	3.2%	▲
<b>Currencies</b>	<b>Close</b>	<b>1 Week</b>		<b>YTD</b>	
AUD/USD	0.650	-1.1%	▼	-4.7%	▼
EUR/USD	1.095	-0.5%	▼	2.3%	▲
USD/JPY	144.96	2.3%	▲	10.6%	▲
GBP/USD	1.27	-0.4%	▼	5.1%	▲
US\$ Index	102.84	0.8%	▲	-0.7%	▼
<b>Commodities</b>	<b>Close</b>	<b>1 Week</b>		<b>YTD</b>	
Brent Oil (US\$/bbl)	86.81	0.7%	▲	1.0%	▲
Iron Ore (US\$/t)	104.87	0.6%	▲	-5.8%	▼
Coking Coal (US\$/t)	200.31	2.7%	▲	-44.4%	▼
Gold (US\$/oz)	1,913.76	-1.5%	▼	4.9%	▲

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