

Weekly Economic Report

14 November 2022

Financial markets charts

The week that was

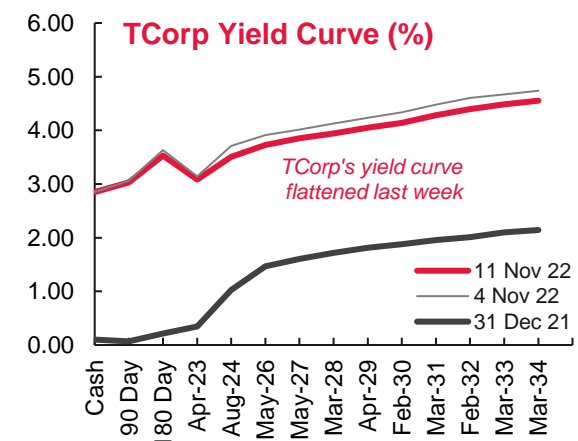
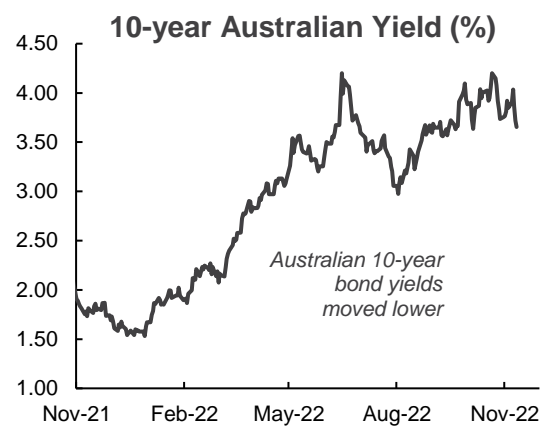
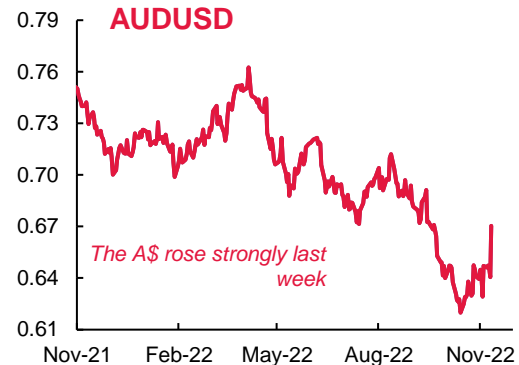
- A smaller-than-expected rise in US inflation boosted hopes that the US central bank won't have to raise interest rates much further, resulting in a sharp drop in bond yields and surging equity markets.
- The US 10-year bond yield fell by 35bps as investors started to think that inflation may decline more quickly than previously anticipated. Australia's 10-year bond yield fell by 20bps while the German 10-year yield declined by 14bps.
- The prospect of less aggressive monetary policy tightening boosted equity markets. The US share market was the best performer, gaining 5.9%, while Australian and Japanese equities both rose 3.9%.
- Lower US bond yields also undermined demand for the US dollar which fell by 4.1% last week. While the turnaround was most marked against the Japanese Yen (down 5.1%), the Australian dollar managed to climb back to US\$0.67, up 3.6% for the week.

Economic calendar

Monday 14/11	
Tuesday 15/11	AU: RBA policy meeting minutes CH: Retail sales, Oct
Wednesday 16/11	AU: Wage price index, Q3 US: Retail sales, Oct
Thursday 17/11	AU: Employment, Oct US: Housing starts, Oct
Friday 18/11	US: Existing home sales, Oct

The week ahead

- The Australian labour market will be in the spotlight this week, with wages and employment data being released.
- Wages are expected to have risen by 0.9% in the September quarter, thanks mainly to the unusually large increase in the minimum wage. Even so, annual wage growth will only have increased by 3% which is weaker than the Reserve Bank of Australia would like. Meanwhile, analysts are looking for the recent moderation in employment growth to have continued in October.
- It is a quieter week for global data releases. The focus is on US retail sales, with investors anxious to see whether nominal spending is holding up even as consumer sentiment slumps to recessionary levels. China will also release its monthly reports on retail sales, industrial production and business investment. While these have been persistently weak over 2022, investors are hopeful that more supportive policy will trigger a bounce-back next year.



Financial markets data: Week ending 11 November 2022

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	2.85	0	—	275	▲
90-day BBSW	3.03	-3	▼	296	▲
3-year Australian Bond Yield	3.17	-19	▼	225	▲
10-year Australian Bond Yield	3.65	-20	▼	198	▲
20-year Australian Bond Yield	4.12	-10	▼	185	▲
10-year Australian Break-Even Inflation	2.37	-1	▼	10	▲
10-year Australian Real Yield	1.29	-19	▼	189	▲
Fed Funds Rate (lower bound)	3.75	0	—	375	▲
2-year US Treasury Yield	4.33	-33	▼	360	▲
10-year US Treasury Yield	3.81	-35	▼	230	▲
30-year US Treasury Yield	4.02	-23	▼	211	▲
10-year German Bund Yield	2.16	-14	▼	234	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 20 April 2023	3.08	-6	▼	274	▲
1.00% 8 February 2024	3.44	-20	▼	261	▲
5.00% 20 August 2024	3.51	-20	▼	249	▲
1.25% 20 March 2025	3.55	-17	▼	233	▲
4.00% 20 May 2026	3.73	-18	▼	226	▲
3.00% 20 May 2027	3.85	-16	▼	224	▲
3.00% 20 March 2028	3.94	-19	▼	222	▲
3.00% 20 April 2029	4.05	-18	▼	224	▲
3.00% 20 February 2030	4.14	-20	▼	226	▲
2.00% 20 March 2031	4.28	-20	▼	233	▲
1.50% 20 February 2032	4.40	-21	▼	239	▲
2.00% 8 March 2033	4.49	-19	▼	239	▲
3.50% 20 March 2034	4.55	-19	▼	241	▲
2.75% 20 November 2025 CIB	0.49	0	—	152	▲
2.50% 20 November 2035 CIB	2.04	-20	▼	200	▲
10-year NSW TCorp Bond Yield	4.43	-17	▼	246	▲
10-year TCV (Victoria) Spread	0.00	0	▲	-4	▼
10-year QTC (Queensland) Spread	-0.08	-2	▼	-10	▼
Equities	Close	1 Week		YTD	
S&P/ASX 200 (Australia)	7,158	3.9%	▲	-3.9%	▼
S&P 500 (US)	3,993	5.9%	▲	-16.2%	▼
FTSE 100 (UK)	7,318	-0.2%	▼	-0.9%	▼
DJ Stoxx 600 (Europe)	432	3.7%	▲	-11.4%	▼
Nikkei 225 (Japan)	28,264	3.9%	▲	-1.8%	▼
Shanghai Composite (China)	3,087	0.5%	▲	-15.2%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.670	3.6%	▲	-7.7%	▼
EUR/USD	1.035	3.9%	▲	-9.0%	▼
USD/JPY	138.81	-5.3%	▼	20.6%	▲
GBP/USD	1.18	4.0%	▲	-12.6%	▼
US\$ Index	106.29	-4.1%	▼	11.1%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	95.99	-2.6%	▼	23.4%	▲
Iron Ore (US\$/t)	90.47	4.0%	▲	-19.6%	▼
Coking Coal (US\$/t)	3,080.00	0.0%	—	50.0%	▲
Gold (US\$/oz)	1,771.24	5.3%	▲	-3.2%	▼

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