

The week that was

- Equity markets were mixed last week, with the US S&P500 falling by a substantial 2.5%, Chinese equities also declined by 2.8% while the Australian stock market fell by 1.1%. It wasn't all bad news for share markets, however, with European equities rising by 1.7% and UK stocks – which have been very weak over the past year – surging by 4%..
- The economic data released over the past week didn't justify a sharp fall in equities and may just reflect profit-taking by investors who have done very well out of technology stocks. In Australia, payrolls data improved in the latest week while US inflation was slightly higher than expected and suggests that deflation is not a risk.
- Other financial markets were also generally quite stable last week, which was more in line with the data. US bond yields fell by 5bps last week while Australian bond yields edged up 2bps. The Australian dollar was unchanged while iron ore prices nudged up 0.1%. Oil prices, however, did fall by 6.6%.

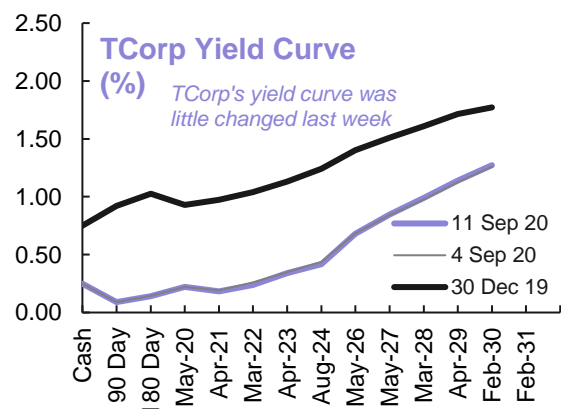
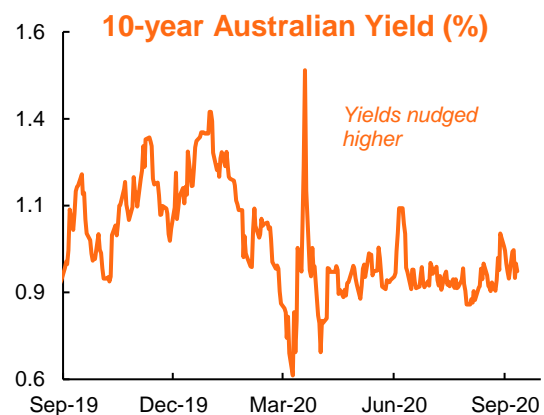
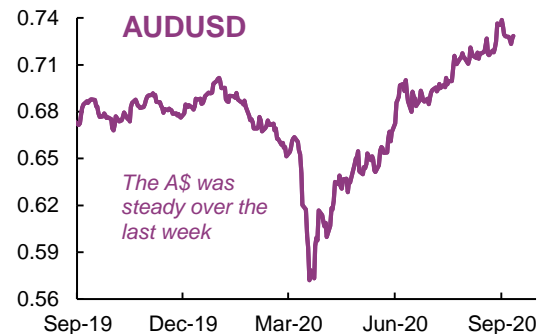
Economic calendar

Monday 14/09	JP: Industrial production, Jul EU: Industrial production, Jul
Tuesday 15/09	CH: Retail sales, Investment, Aug AU: RBA policy meeting minutes
Wednesday 16/09	US: FOMC policy meeting US: Retail sales, Aug
Thursday 17/09	AU: Employment, Aug US: Initial jobless claims
Friday 18/09	US: Consumer confidence

The week ahead

- While the economic calendar is not particularly crowded this week, there are a number of important events. In Australia, attention will focus on the August labour force report. This will reveal whether Victoria's return to widespread economic restrictions has reversed the gradual improvement in employment experienced over recent months.
- In China, we receive an update on how their recovery is progressing with the release of retail sales, industrial production and business investment data for August.
- Meanwhile in the US, the Federal Reserve's Open Market Committee (FOMC) policy meeting will reveal how policy makers are viewing the evolution of the US economy and whether further stimulus may be required. The minutes of the Australian central bank's recent policy meeting will also be released, possibly shedding light on what further actions they may pursue.

Financial markets charts



Financial markets data: Week ending 11 September 2020

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.25	0	—	-50	▼
90-day BBSW	0.09	0	—	-83	▼
3-year Australian Bond Yield	0.25	-1	▼	-65	▼
10-year Australian Bond Yield	0.91	2	▲	-46	▼
20-year Australian Bond Yield	1.63	6	▲	-24	▼
10-year Australian Break-Even Inflation	1.31	-2	▼	-10	▼
10-year Australian Real Yield	-0.40	4	▲	-36	▼
Fed Funds Rate (lower bound)	0.00	0	—	-150	▼
2-year US Treasury Yield	0.13	-2	▼	-144	▼
10-year US Treasury Yield	0.67	-5	▼	-125	▼
30-year US Treasury Yield	1.41	-6	▼	-98	▼
10-year German Bund Yield	-0.48	-1	▼	-30	▼
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 8 April 2021	0.18	-1	▼	-82	▼
6.00% 1 March 2022	0.24	-2	▼	-83	▼
4.00% 20 April 2023	0.34	-1	▼	-83	▼
1.00% 8 February 2024	0.39	-2	▼	-89	▼
5.00% 20 August 2024	0.42	-2	▼	-86	▼
4.00% 20 May 2026	0.68	0	▼	-77	▼
3.00% 20 May 2027	0.85	1	▲	-73	▼
3.00% 20 March 2028	0.99	1	▲	-68	▼
3.00% 20 April 2029	1.14	1	▲	-64	▼
3.00% 20 February 2030	1.27	1	▲	-57	▼
2.00% 20 March 2031	1.41	2	▲	-55	▼
2.00% 20 March 2032	1.60	2	▲	n/a	n/a
2.00% 20 March 2033	1.73	4	▲	-47	▼
3.75% 20 August 2020 CIB	1.85	0	▲	255	▲
2.75% 20 November 2025 CIB	-0.20	0	▲	-29	▼
2.50% 20 November 2035 CIB	0.48	8	▲	n/a	n/a
10-year NSW TCorp Bond Yield	1.37	2	▲	-47	▼
10-year TCV (Victoria) Spread	-0.03	1	▲	-1	▼
10-year QTC (Queensland) Spread	0.00	0	▲	-3	▼
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	5,859	-1.1%	▼	-12.3%	▼
S&P500 (US)	3,341	-2.5%	▼	3.4%	▲
FTSE 100 (UK)	6,032	4.0%	▲	-20.0%	▼
Euro Stoxx 600 (Europe)	368	1.7%	▲	-11.5%	▼
Nikkei 225 (Japan)	23,406	0.9%	▲	-1.1%	▼
Shanghai Composite (China)	3,260	-2.8%	▼	6.9%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.728	0.0%	▲	3.9%	▲
EUR/USD	1.185	0.1%	▲	5.6%	▲
USD/JPY	106.16	-0.1%	▼	-2.2%	▼
GBP/USD	1.28	-3.6%	▼	-2.9%	▼
US\$ Index	93.33	0.7%	▲	-3.2%	▼
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	39.83	-6.6%	▼	-39.7%	▼
Iron Ore (US\$/t)	127.55	0.1%	▲	39.4%	▲
Coking Coal (US\$/t)	1,226.00	0.0%	▼	1.6%	▲
Gold (US\$/oz)	1,940.55	0.3%	▲	27.9%	▲

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