

## The week that was

- While investors have been hoping that central banks might soon declare victory in their fight against inflation, policymakers seem to have other ideas. Last week they argued that policy will need to remain restrictive for an extended period and, as a result, global bond yields moved higher and stock markets fell.
- In the US, 10-year bond yields rose by 14bps while German 10-year yields climbed 24bps. At the same time, the US stock market fell 1.2% while European equities declined by 0.8%. Australian markets bucked the trend last week, with the ASX200 rising by 1.2% and 10-year yields falling by 2bps.
- Australian labour market data was weaker than expected with employment falling by 41,000 in July and wages rising a modest 0.7% in Q2. Although we don't think this will alter the outlook for Australian monetary policy, some investors might think the Reserve Bank of Australia (RBA) could tighten less aggressively and the market moves would be consistent with that.
- Commodity prices also fell which dragged down the Australian dollar, dropping by 3.5% against the US dollar.

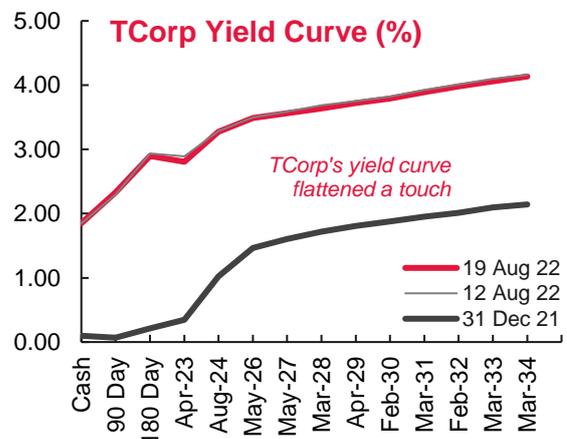
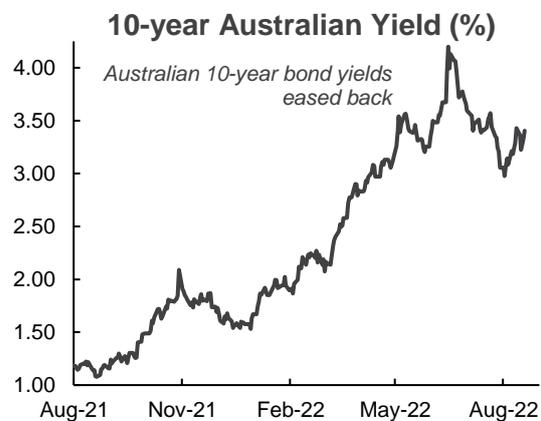
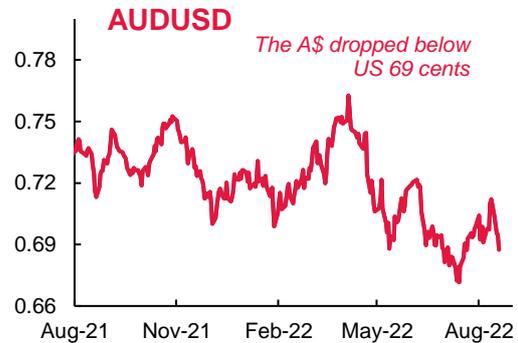
## Economic calendar

<b>Monday 22/08</b>	US: Chicago Fed National Activity Index, July
<b>Tuesday 23/08</b>	Global: Manufacturing PMIs, Aug US: New home sales, July
<b>Wednesday 24/08</b>	US: Durable goods orders, Jul
<b>Thursday 25/08</b>	EU: IFO business survey, Aug US: GDP, Q2
<b>Friday 26/08</b>	US: PCE deflator, Aug US: Fed Chair speech at Jackson Hole

## The week ahead

- Global investors will eagerly await the US Federal Reserve's annual conference at Jackson Hole. Fed Chair Powell will make the opening speech and is likely to reaffirm the message that policy will need to be tighter for longer.
- In terms of economic data, global Purchasing Managers' Indexes for August will be the highlight alongside the US private consumer expenditure (PCE) deflator, the Fed's preferred inflation measure.
- No Australian market-moving data is scheduled to be released this week although, in a sign of the times, the head of the RBA's Domestic Markets department is speaking about climate change risks to the financial system.

## Financial markets charts



## Financial markets data: Week ending 19 August 2022

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	1.85	0	–	175	▲
90-day BBSW	2.33	3	▲	226	▲
3-year Australian Bond Yield	3.09	0	▼	218	▲
10-year Australian Bond Yield	3.41	-2	▼	174	▲
20-year Australian Bond Yield	3.77	-3	▼	150	▲
10-year Australian Break-Even Inflation	2.36	1	▲	9	▲
10-year Australian Real Yield	1.05	-3	▼	165	▲
Fed Funds Rate (lower bound)	2.25	0	–	225	▲
2-year US Treasury Yield	3.23	-1	▼	250	▲
10-year US Treasury Yield	2.97	14	▲	146	▲
30-year US Treasury Yield	3.21	10	▲	131	▲
10-year German Bund Yield	1.23	24	▲	141	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 20 April 2023	2.81	-9	▼	246	▲
1.00% 8 February 2024	3.24	-3	▼	242	▲
5.00% 20 August 2024	3.28	-1	▼	225	▲
1.25% 20 March 2025	3.38	0	▼	216	▲
4.00% 20 May 2026	3.49	-1	▼	202	▲
3.00% 20 May 2027	3.56	-3	▼	195	▲
3.00% 20 March 2028	3.64	-5	▼	192	▲
3.00% 20 April 2029	3.72	-3	▼	191	▲
3.00% 20 February 2030	3.79	-3	▼	192	▲
2.00% 20 March 2031	3.89	-4	▼	194	▲
1.50% 20 February 2032	3.98	-3	▼	197	▲
2.00% 8 March 2033	4.06	-4	▼	196	▲
3.50% 20 March 2034	4.14	-3	▼	199	▲
2.75% 20 November 2025 CIB	-0.20	-11	▼	84	▲
2.50% 20 November 2035 CIB	1.75	-3	▼	171	▲
10-year NSW TCorp Bond Yield	4.00	-3	▼	202	▲
10-year TCV (Victoria) Spread	0.00	3	▲	-4	▼
10-year QTC (Queensland) Spread	-0.07	1	▲	-9	▼
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	7,114	1.2%	▲	-4.4%	▼
S&P500 (US)	4,228	-1.2%	▼	-11.3%	▼
FTSE 100 (UK)	7,550	0.7%	▲	2.2%	▲
DJ Stoxx600 (Europe)	437	-0.8%	▼	-10.3%	▼
Nikkei 225 (Japan)	28,930	1.3%	▲	0.5%	▲
Shanghai Composite (China)	3,258	-0.6%	▼	-10.5%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.688	-3.5%	▼	-5.3%	▼
EUR/USD	1.004	-2.2%	▼	-11.7%	▼
USD/JPY	136.97	2.7%	▲	19.0%	▲
GBP/USD	1.18	-2.5%	▼	-12.6%	▼
US\$ Index	108.17	2.4%	▲	13.1%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	96.72	-1.5%	▼	24.4%	▲
Iron Ore (US\$/t)	104.21	-5.1%	▼	-7.4%	▼
Coking Coal (US\$/t)	2,109.00	-12.1%	▼	2.7%	▲
Gold (US\$/oz)	1,747.06	-3.1%	▼	-4.5%	▼

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