

## Financial markets charts

### The week that was

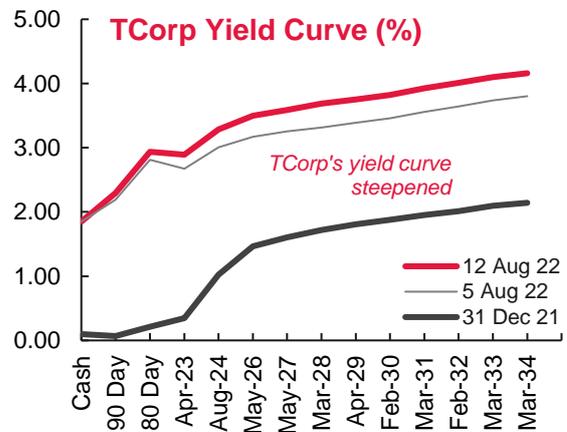
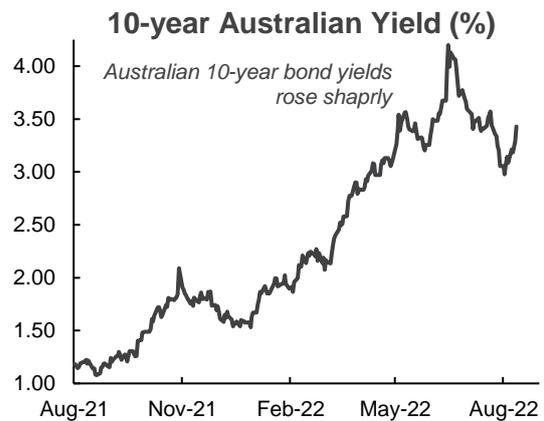
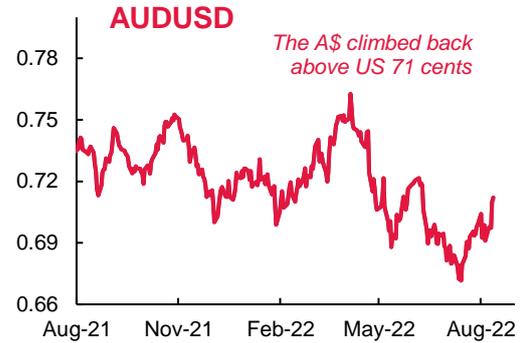
- After a run of large monthly inflation prints, US numbers were flat in July and this was much weaker than expected. In combination with the strong July employment data, investors can now see the possibility of a 'Goldilocks' scenario where falling inflation undermines the need for aggressive rate hikes and US growth remains buoyant.
- This more optimistic mood was most evident in the US equity market, where the S&P500 rose by 3.3% last week. Other stock markets also rose, but less spectacularly. European shares rose by 1.2% and Australian stocks gained 0.2%.
- Global bond yields rose modestly last week, with German 10-year yields rising by 3bps, and US 30-year yields up by 4bps. US 10-year yields were flat. Australian bond yields rose more sharply, reflecting a catch up from the previous week when the strong US job data was released. Australian 10-year yields rose 34bps.
- Consistent with the return of a "risk-on" tone to financial markets, the Australian dollar also rose strongly, up 3%. Commodity prices were also generally higher.

### Economic calendar

<b>Monday 15/08</b>	CH: Retail sales, Industrial production US: NY Empire State survey
<b>Tuesday 16/08</b>	AU: RBA meeting minutes US: Housing starts, July
<b>Wednesday 17/08</b>	AU: Wage price index, Q2 NZ: RBNZ policy decision
<b>Thursday 18/08</b>	AU: Labour force survey, July EU: Consumer inflation, July
<b>Friday 19/08</b>	JP: Consumer inflation, July

### The week ahead

- In Australia, our key data release will be the June quarter wage price index. The market is expecting a moderate 0.8% gain in wages in Q2. That said, the Reserve Bank of Australia (RBA) seems more worried about what firms are saying about wage pressures rather than the actual data, so even if the figures are weak, it may not affect market expectations for RBA policy.
- Globally, it is a quieter week for economic data. In Europe July inflation data will be closely watched to see if the deceleration evident in US inflation is replicated there.
- The Reserve Bank of New Zealand will also meet and is expected to again hike rates aggressively. But following a rise in unemployment and slumping house prices, there may be some sign that future rate hikes may be less aggressive.
- In the US, housing data will be the highlight.



## Financial markets data: Week ending 12 August 2022

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	1.85	0	–	175	▲
90-day BBSW	2.30	10	▲	223	▲
3-year Australian Bond Yield	3.10	29	▲	219	▲
10-year Australian Bond Yield	3.43	34	▲	176	▲
20-year Australian Bond Yield	3.80	33	▲	153	▲
10-year Australian Break-Even Inflation	2.35	12	▲	8	▲
10-year Australian Real Yield	1.08	22	▲	168	▲
Fed Funds Rate (lower bound)	2.25	0	–	225	▲
2-year US Treasury Yield	3.24	2	▲	251	▲
10-year US Treasury Yield	2.83	0	▲	132	▲
30-year US Treasury Yield	3.11	4	▲	120	▲
10-year German Bund Yield	0.99	3	▲	116	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 20 April 2023	2.89	22	▲	255	▲
1.00% 8 February 2024	3.28	43	▲	245	▲
5.00% 20 August 2024	3.29	28	▲	226	▲
1.25% 20 March 2025	3.38	32	▲	216	▲
4.00% 20 May 2026	3.50	33	▲	203	▲
3.00% 20 May 2027	3.59	33	▲	198	▲
3.00% 20 March 2028	3.69	37	▲	197	▲
3.00% 20 April 2029	3.75	36	▲	194	▲
3.00% 20 February 2030	3.82	36	▲	194	▲
2.00% 20 March 2031	3.93	37	▲	197	▲
1.50% 20 February 2032	4.01	37	▲	200	▲
2.00% 8 March 2033	4.10	36	▲	200	▲
3.50% 20 March 2034	4.16	36	▲	202	▲
2.75% 20 November 2025 CIB	-0.08	21	▲	95	▲
2.50% 20 November 2035 CIB	1.78	26	▲	174	▲
10-year NSW TCorp Bond Yield	4.02	36	▲	205	▲
10-year TCV (Victoria) Spread	-0.03	-2	▼	-6	▼
10-year QTC (Queensland) Spread	-0.09	0	▲	-10	▼
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	7,033	0.2%	▲	-5.5%	▼
S&P500 (US)	4,280	3.3%	▲	-10.2%	▼
FTSE 100 (UK)	7,501	0.8%	▲	1.6%	▲
DJ Stoxx600 (Europe)	441	1.2%	▲	-9.6%	▼
Nikkei 225 (Japan)	28,547	1.3%	▲	-0.9%	▼
Shanghai Composite (China)	3,277	1.5%	▲	-10.0%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.712	3.0%	▲	-2.0%	▼
EUR/USD	1.026	0.7%	▲	-9.8%	▼
USD/JPY	133.42	-1.2%	▼	15.9%	▲
GBP/USD	1.21	0.5%	▲	-10.3%	▼
US\$ Index	105.63	-0.9%	▼	10.4%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	98.15	3.4%	▲	26.2%	▲
Iron Ore (US\$/t)	109.86	0.7%	▲	-2.3%	▼
Coking Coal (US\$/t)	2,400.00	0.0%	–	16.9%	▲
Gold (US\$/oz)	1,802.40	1.5%	▲	-1.5%	▼

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