

## The week that was

- Global share markets gained and commodity prices rose as the 'risk on' mood dominated financial markets during the week. Analysts debated the impact of the Biden stimulus package on inflation, and what it means for monetary policy. Bond yields rose on higher inflation expectations.
- There were some exceptions to the overall trend in financial markets; the Australian and German share markets fell after governments announced new, or extended, lockdowns to combat COVID-19.
- In the US, the S&P500 posted a new record high and ended the week up 1.2%. In Europe, the DJ Stoxx600 added 1.1%, while Australia's S&P/ASX200 fell 0.5%. Commodity prices were stronger; Brent oil rose 5.6% in the week and is up 20.6% year to date, due to OPEC production caps limiting supply. Iron ore reversed its recent losses, adding 4.6%. The A\$ was boosted by higher commodity prices, rising 1.1% against the US\$.
- US 10-year yields rose 4 bps, to 1.21% – an 11-month high. Australian 10-year yields also added 4bps. The TCorp yield curve steepened.

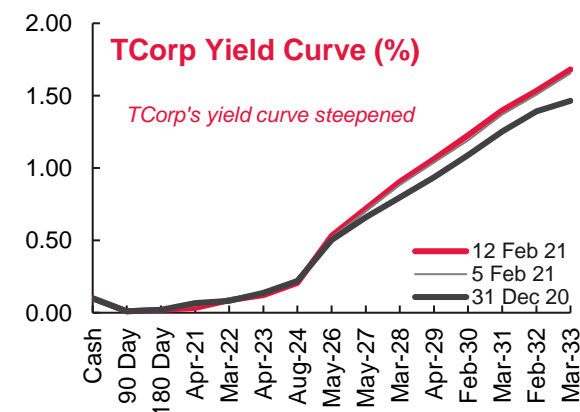
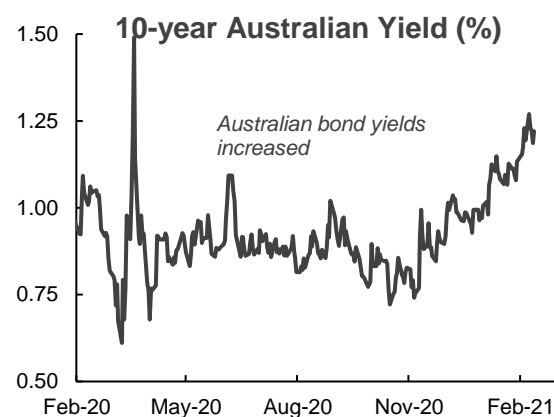
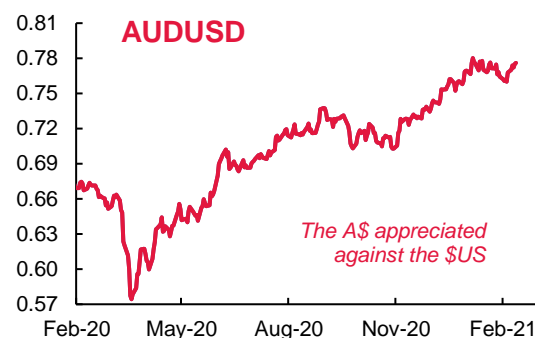
## Economic calendar

<b>Monday</b> 15/2	JP: GDP, Q4
<b>Tuesday</b> 16/2	AU: RBA policy meeting minutes, Feb AU: Payroll jobs & wages, w/e Jan 30
<b>Wednesday</b> 17/2	AU: RBA Asst Gov Kent speaks on FX US: FOMC policy meeting minutes, Jan
<b>Thursday</b> 18/2	AU: Labour force, Jan US: Initial jobless claims
<b>Friday</b> 19/2	AU: Retail trade, Jan US: Markit PMI, Feb

## The week ahead

- It is a quiet start to the week, due to the President's Day holiday in the US and Chinese Lunar New Year holidays continuing through to Wednesday.
- In the US, investors will seek direction from FOMC meeting minutes, Biden stimulus plan negotiations, and data on retailing, manufacturing and jobs. On Friday, PMIs from the US, Europe, Australia and others will give a snapshot of the global recovery.
- In Australia, Victoria's 5-day lockdown to control an outbreak of COVID-19 shouldn't rattle markets. Based on overseas experience, investors will be sensitive to reports on preparations for the vaccine roll-out in Australia. Minutes from the recent RBA policy meeting are unlikely to add to what has already been said by the Bank. However, the labour force and retail trade reports will provide new information on the pace and breadth of the domestic recovery.

## Financial markets charts



## Financial markets data: Week ending 12 February 2021

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.10	0	–	0	–
90-day BBSW	0.01	0	–	0	–
3-year Australian Bond Yield	0.11	0	–	0	▲
10-year Australian Bond Yield	1.22	3	▲	25	▲
20-year Australian Bond Yield	1.98	1	▲	27	▲
10-year Australian Break-Even Inflation	1.91	2	▲	14	▲
10-year Australian Real Yield	-0.69	1	▲	11	▲
Fed Funds Rate (lower bound)	0.00	0	–	0	–
2-year US Treasury Yield	0.11	1	▲	-1	▼
10-year US Treasury Yield	1.21	4	▲	30	▲
30-year US Treasury Yield	2.01	4	▲	36	▲
10-year German Bund Yield	-0.43	2	▲	14	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 8 April 2021	0.03	-2	▼	-3	▼
6.00% 1 March 2022	0.09	-1	▼	0	▲
4.00% 20 April 2023	0.12	-2	▼	-1	▼
1.00% 8 February 2024	0.17	-1	▼	-3	▼
5.00% 20 August 2024	0.21	0	▼	-1	▼
4.00% 20 May 2026	0.53	1	▲	3	▲
3.00% 20 May 2027	0.72	2	▲	6	▲
3.00% 20 March 2028	0.90	2	▲	11	▲
3.00% 20 April 2029	1.06	3	▲	13	▲
3.00% 20 February 2030	1.23	3	▲	14	▲
2.00% 20 March 2031	1.40	3	▲	15	▲
2.00% 20 March 2032	1.68	3	▲	22	▲
2.00% 20 March 2033	1.78	2	▲	16	▲
2.75% 20 November 2025 CIB	-1.37	4	▲	-26	▼
2.50% 20 November 2035 CIB	0.05	-6	▼	14	▲
10-year NSW TCorp Bond Yield	1.40	3	▲	16	▲
10-year TCV (Victoria) Spread	0.00	0	–	-2	▼
10-year QTC (Queensland) Spread	-0.05	0	▲	-1	▼
Equities	Close	1 Week		YTD	
S&P/ASX 200 (Australia)	6,807	-0.5%	▼	3.3%	▲
S&P 500 (US)	3,935	1.2%	▲	4.8%	▲
FTSE 100 (UK)	6,590	1.5%	▲	2.0%	▲
DJ Stoxx 600 (Europe)	414	1.1%	▲	3.8%	▲
Nikkei 225 (Japan)	29,520	2.6%	▲	7.6%	▲
Shanghai Composite (China)	3,655	4.5%	▲	5.2%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.776	1.1%	▲	0.9%	▲
EUR/USD	1.212	0.6%	▲	-0.8%	▼
USD/JPY	104.94	-0.4%	▼	1.6%	▲
GBP/USD	1.38	0.8%	▲	1.3%	▲
US\$ Index	90.45	-0.7%	▼	0.6%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	62.64	5.6%	▲	20.9%	▲
Iron Ore (US\$/t)	160.82	4.6%	▲	3.2%	▲
Coking Coal (US\$/t)	1,700.00	0.0%	–	13.3%	▲
Gold (US\$/oz)	1,824.23	0.6%	▲	-3.9%	▼

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