

Financial markets charts

The week that was

- US 10-year bond yields fell 10bps last week, driven by lower-than-expected inflation in June. Investors viewed the data as increasing the likelihood of the US Federal Reserve (Fed) cutting rates sooner, with the first rate cut now expected to occur in September. Comments by Fed Chair Jerome Powell, highlighted risks to the labour market from interest rates remaining higher for longer and reinforced views that a September rate cut is possible. Lower bond yields supported US equities, with the S&P500 gaining 0.9%.
- Lower US yields also saw the US dollar weaken, with the Australian dollar appreciating by a further 0.5% against the US dollar to just under US\$0.68. The Australian dollar is now at its highest level against the Japanese yen in around 35 years, as the yen continues to face depreciation pressures.
- Australian 10-year bond yields fell 8bps last week alongside the fall in US yields. The ASX200 gained 1.8%, with strong gains by banks outweighing further weakness in mining stocks.
- The Reserve Bank of New Zealand left interest rates unchanged this week, but its communication was noticeably more dovish. Investors now see a 50% chance of the first rate cut occurring in August.

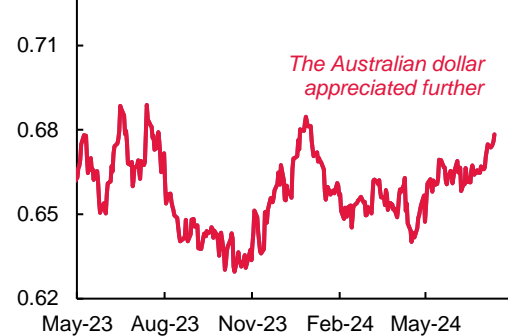
Economic calendar

Monday 15/07	CH: GDP, Jun qtr; Monthly activity data, Jun
Tuesday 16/07	US: Retail sales, Jun CA: CPI, Jun
Wednesday 17/07	EC: CPI, Jun (final) UK: CPI, Jun
Thursday 18/07	EU: European Central Bank meeting AU: Labour force survey, Jun
Friday 19/07	JP: National CPI, Jun

The week ahead

- Employment data will be the focus locally, with the labour market expected to continue to loosen.
- After delivering its first rate cut in June, the European Central Bank (ECB) is expected to leave rates on hold this week. Investors will focus on whether the ECB suggests that a follow-up rate cut is likely in September.
- Inflation data in Canada, the UK and Europe will show whether inflationary pressures have continued to ease.
- In China, GDP data will reveal whether momentum in the economy improved in the June quarter, including in the ailing property market. The Third Plenum also commences this week, an important policy meeting that occurs twice a decade and typically outlines a longer-term reform agenda.

AUD/USD



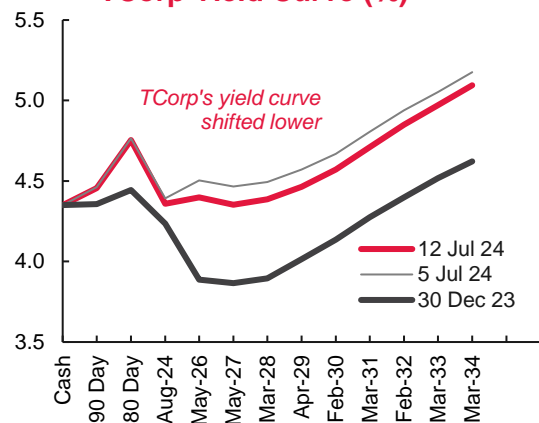
10-year Australian Yield (%)



ASX200 (Index)



TCorp Yield Curve (%)



Financial markets data: Week ending 12 July 2024

INTEREST RATES	CLOSE (%)	1 WEEK (BPS)		YTD (BPS)	
RBA Cash Rate	4.35	0	—	0	—
90-day BBSW	4.46	0	▼	10	▲
3-year Australian Bond Yield	4.05	-10	▼	44	▲
10-year Australian Bond Yield	4.32	-8	▼	37	▲
20-year Australian Bond Yield	4.73	-6	▼	49	▲
10-year Australian Break-Even Inflation	2.43	-1	▼	-15	▼
10-year Australian Real Yield	1.90	-7	▼	52	▲
Fed Funds Rate (lower bound)	5.25	0	—	0	—
2-year US Treasury Yield	4.45	-15	▼	20	▲
10-year US Treasury Yield	4.18	-10	▼	30	▲
30-year US Treasury Yield	4.40	-8	▼	37	▲
10-year German Bund Yield	2.50	-6	▼	47	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
5.00% 20 August 2024	4.36	-3	▼	12	▲
1.25% 20 March 2025	4.44	-6	▼	40	▲
4.00% 20 May 2026	4.40	-11	▼	51	▲
3.00% 20 May 2027	4.35	-11	▼	49	▲
3.00% 20 March 2028	4.39	-11	▼	49	▲
3.00% 20 April 2029	4.46	-11	▼	45	▲
3.00% 20 February 2030	4.57	-10	▼	44	▲
2.00% 20 March 2031	4.71	-9	▼	44	▲
1.50% 20 February 2032	4.85	-9	▼	45	▲
2.00% 8 March 2033	4.97	-8	▼	45	▲
1.75% 20 March 2034	5.09	-8	▼	47	▲
2.75% 20 November 2025 CIB	1.99	-1	▼	92	▲
2.50% 20 November 2035 CIB	2.55	-7	▼	48	▲
10-year NSW TCorp Bond Yield	5.09	-7	▼	53	▲
10-year TCV (Victoria) Spread	0.07	-1	▼	-4	▼
10-year QTC (Queensland) Spread	0.00	-1	▼	8	▲
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	7,959	1.8%	▲	4.9%	▲
S&P500 (US)	5,615	0.9%	▲	17.7%	▲
FTSE 100 (UK)	8,253	0.6%	▲	6.7%	▲
DJ Stoxx600 (Europe)	524	1.4%	▲	9.4%	▲
Nikkei 225 (Japan)	41,191	0.7%	▲	23.1%	▲
Shanghai Composite (China)	2,971	0.7%	▲	-0.1%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.678	0.5%	▲	-0.4%	▼
EUR/USD	1.091	0.6%	▲	-1.2%	▼
USD/JPY	157.83	-1.8%	▼	11.9%	▲
GBP/USD	1.30	1.3%	▲	2.0%	▲
US\$ Index	104.09	-0.7%	▼	2.7%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	85.03	-1.7%	▼	10.4%	▲
Iron Ore (US\$/t)	109.05	-1.7%	▼	-20.0%	▼
Coking Coal (US\$/t)	207.71	0.2%	▲	-24.6%	▼
Gold (US\$/oz)	2,411.43	0.8%	▲	16.9%	▲

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