

The week that was

- Risk sentiment soared at the start of the week following better-than-expected US employment data. When the US central bank met mid-week they left the policy rate unchanged (they're "not even thinking about thinking about increasing rates"), however their downbeat outlook on the economic recovery put the break on risk-asset prices.
- Equity markets ended the week in the red with the ASX200 losing 2.5%. US stocks fell 4.8% and European stocks dropped 5.7%. The A\$ fell 1.5%, back below US 69 cents. In keeping with the risk off sentiment bond yields also fell sharply with Australian 10-year yields down 18bps and US 10-year yields down 19bps.
- Consumer confidence for June has bounced back to pre-COVID levels in Australia, 97.3 – albeit still below the long-term average. Economic conditions over the next 12 months rose a solid 8.4% to 77.2 while conditions over a 5-year outlook rose 6.4% to 102.4. Business confidence also showed improvement over May, however remained contractionary rising from -45 to -20. Conditions rose to -24, which is still weaker than during the GFC.

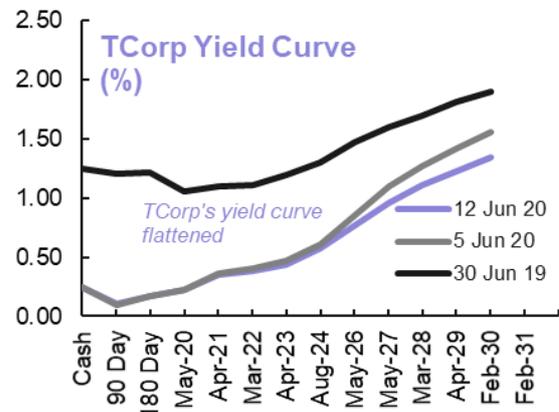
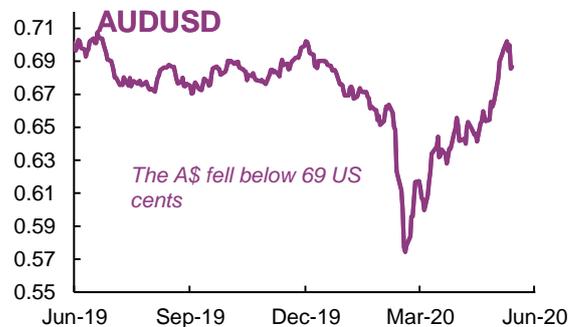
Economic calendar

Monday 15/06	CH: Industrial Production, May CH: Retail Sales, May
Tuesday 16/06	AU: Minutes RBA Policy Meeting, June JP: BoJ policy rate decision US: Retail Sales, May US: Industrial Production, May
Wednesday 17/06	US: Housing Starts, May
Thursday 18/06	AU: Labour Force, May UK: BoE policy rate decision
Friday 19/06	AU: ABS preliminary retail sales, May

The week ahead

- Australian labour force data for May will be released this week along with ABS households survey, weekly payroll data and preliminary retail sales. Other than labour data, May is expected to show a turnaround from April's trough.
- The Bank of England and Bank of Japan are both due to meet this week and are expected to maintain their monetary support. European leaders will meet to discuss the proposed EUR 750billion recovery fund.

Financial markets charts



Financial markets data: Week ending 12 June 2020

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.25	0	–	-50	▼
90-day BBSW	0.10	0	▲	-82	▼
3-year Australian Bond Yield	0.25	-3	▼	-66	▼
10-year Australian Bond Yield	0.91	-18	▼	-46	▼
20-year Australian Bond Yield	1.63	-22	▼	-24	▼
10-year Australian Break-Even Inflation	1.05	-8	▼	-35	▼
10-year Australian Real Yield	-0.14	-11	▼	-11	▼
Fed Funds Rate (lower bound)	0.00	0	–	-150	▼
2-year US Treasury Yield	0.19	-1	▼	-138	▼
10-year US Treasury Yield	0.70	-19	▼	-121	▼
30-year US Treasury Yield	1.46	-21	▼	-93	▼
10-year German Bund Yield	-0.44	-16	▼	-25	▼
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 8 April 2021	0.35	0	▼	-65	▼
6.00% 1 March 2022	0.38	-2	▼	-68	▼
4.00% 20 April 2023	0.44	-3	▼	-73	▼
1.00% 8 February 2024	0.54	-4	▼	-74	▼
5.00% 20 August 2024	0.57	-4	▼	-71	▼
4.00% 20 May 2026	0.77	-8	▼	-68	▼
3.00% 20 May 2027	0.97	-13	▼	-61	▼
3.00% 20 March 2028	1.11	-16	▼	-56	▼
3.00% 20 April 2029	1.23	-20	▼	-55	▼
3.00% 20 February 2030	1.34	-21	▼	-50	▼
2.00% 20 March 2031	1.49	-22	▼	-47	▼
2.00% 20 March 2032	1.70	-23	▼	n/a	n/a
2.00% 20 March 2033	1.80	-23	▼	-40	▼
3.75% 20 August 2020 CIB	-0.40	43	▲	31	▲
2.75% 20 November 2025 CIB	0.29	-18	▼	19	▲
2.50% 20 November 2035 CIB	0.77	-27	▼	n/a	n/a
10-year NSW TCorp Bond Yield	1.41	-21	▼	-44	▼
10-year TCV (Victoria) Spread	-0.08	2	▲	-6	▼
10-year QTC (Queensland) Spread	-0.01	0	▲	-4	▼
Equities	Close	1 Week		YTD	
S&P/ASX 200 (Australia)	5,848	-2.5%	▼	-12.5%	▼
S&P 500 (US)	3,041	-4.8%	▼	-5.9%	▼
FTSE 100 (UK)	6,105	-5.8%	▼	-19.1%	▼
DJ Stoxx 600 (Europe)	354	-5.7%	▼	-14.9%	▼
Nikkei 225 (Japan)	22,305	-2.4%	▼	-5.7%	▼
Shanghai Composite (China)	2,920	-0.4%	▼	-4.3%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.687	-1.5%	▼	-2.2%	▼
EUR/USD	1.126	-0.3%	▼	0.4%	▲
USD/JPY	107.38	-2.0%	▼	-1.1%	▼
GBP/USD	1.25	-1.0%	▼	-5.4%	▼
US\$ Index	97.32	0.4%	▲	1.0%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	38.73	-8.4%	▼	-41.3%	▼
Iron Ore (US\$/t)	104.25	4.0%	▲	13.9%	▲
Coking Coal (US\$/t)	1,185.00	0.0%	–	-1.8%	▼
Gold (US\$/oz)	1,730.75	2.7%	▲	14.1%	▲

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