

Weekly Economic Report

15 November 2021

The week that was

- Elevated inflation pressures and the outlook for interest rates took pole position for markets last week. Debate on the nature of global price pressures intensified; investor concerns are mounting that the recent inflation run-up will be persistent.
- The US CPI release was a key catalyst. Year-on-year prices surged 6.2% in October, from 5.9% for September. While energy was a major driver, core prices were nonetheless up 4.6% compared to the same time last year, suggesting broader-based price pressures.
- As the dust settled from the Australian, US and UK monetary policy meetings, Australian 10-year bond yields dipped 2bps to 1.80%, while TCorp's 10-year yield rose 8bps to 2.20%. In contrast, the US 10-year yield rose 11bps to 1.56% and the German 10-year yield increased by 2bps to -0.26%.
- Equity markets were mixed. The ASX200 lost 0.2% for the week, and the S&P500 was down 0.3%. Sentiment fared better in Europe, with the Stoxx600 up 0.7% and the FTSE gaining 0.6%. China's Shanghai Composite also bounced 1.4%.
- The Australian dollar kept sliding on receding near-term rate hike expectations, down 0.9% to US\$0.733.

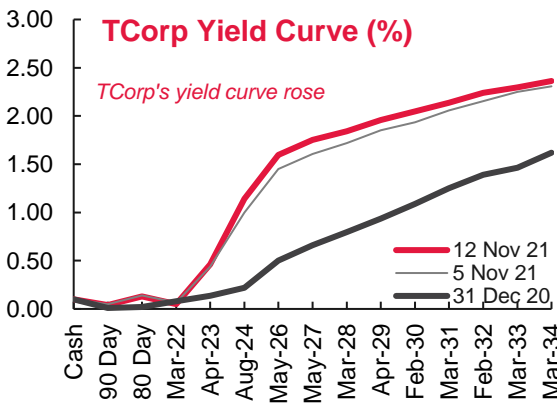
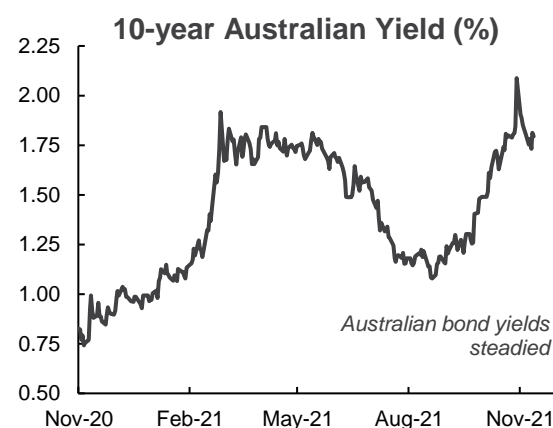
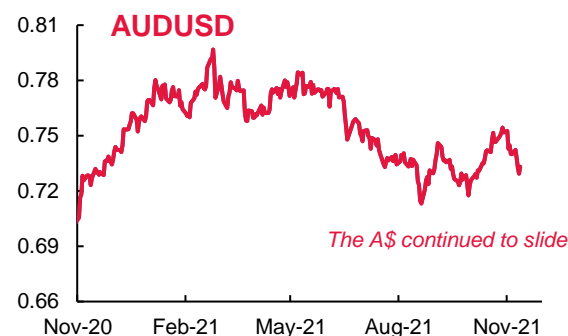
Economic calendar

Monday 15/11	AU: RBA Ellis, Jones appear at Parliamentary Committee CH: New home prices, Oct, Retail sales, Oct, Industrial production, Oct, Fixed investment, Oct
Tuesday 16/11	AU: RBA meeting minutes, Nov, RBA Governor Lowe speaks
Wednesday 17/11	AU: Wage price index, Sep qtr US: Retail sales, Oct, Import and export prices, Oct, Industrial production, Oct, NAHB housing index, Oct
Thursday 18/11	US: Building permits, Oct, Housing starts, Oct
Friday 19/11	US: Philadelphia Fed business survey, Nov

The week ahead

- Inflation and the prospect of rising interest rates remain the focus in Australia. Several key RBA speeches, including from Governor Lowe, will be closely watched, as will RBA meeting minutes. Q3 wage data will also be a highlight.
- Overseas, retail sales, manufacturing and housing data for the US and China offer an important snapshot on economic momentum in these major economies.

Financial markets charts



Financial markets data: Week ending 12 November 2021

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.10	0	—	0	—
90-day BBSW	0.04	-1	▼	3	▲
3-year Australian Bond Yield	1.03	11	▲	92	▲
10-year Australian Bond Yield	1.80	-2	▼	83	▲
20-year Australian Bond Yield	2.36	-9	▼	65	▲
10-year Australian Break-Even Inflation	2.25	13	▲	48	▲
10-year Australian Real Yield	-0.46	-15	▼	34	▲
Fed Funds Rate (lower bound)	0.00	0	—	0	—
2-year US Treasury Yield	0.51	11	▲	39	▲
10-year US Treasury Yield	1.56	11	▲	65	▲
30-year US Treasury Yield	1.93	4	▲	29	▲
10-year German Bund Yield	-0.26	2	▲	31	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
6.00% 1 March 2022	0.05	-2	▼	-3	▼
4.00% 20 April 2023	0.46	2	▲	32	▲
1.00% 8 February 2024	0.96	13	▲	77	▲
5.00% 20 August 2024	1.14	14	▲	92	▲
4.00% 20 May 2026	1.60	15	▲	109	▲
3.00% 20 May 2027	1.75	15	▲	109	▲
3.00% 20 March 2028	1.84	13	▲	105	▲
3.00% 20 April 2029	1.96	11	▲	102	▲
3.00% 20 February 2030	2.05	11	▲	96	▲
2.00% 20 March 2031	2.14	8	▲	88	▲
1.50% 20 February 2032	2.24	9	▲	85	▲
2.00% 8 March 2033	2.30	5	▲	83	▲
3.50% 20 March 2034	2.36	5	▲	74	▲
2.75% 20 November 2025 CIB	-0.97	-4	▼	14	▲
2.50% 20 November 2035 CIB	0.23	-8	▼	32	▲
10-year NSW TCorp Bond Yield	2.20	8	▲	96	▲
10-year TCV (Victoria) Spread	0.03	1	▲	1	▲
10-year QTC (Queensland) Spread	-0.01	-1	▼	3	▲
Equities	Close	1 Week		YTD	
S&P/ASX 200 (Australia)	7,443	-0.2%	▼	13.0%	▲
S&P 500 (US)	4,683	-0.3%	▼	24.7%	▲
FTSE 100 (UK)	7,348	0.6%	▲	13.7%	▲
DJ Stoxx 600 (Europe)	487	0.7%	▲	22.0%	▲
Nikkei 225 (Japan)	29,610	0.0%	▼	7.9%	▲
Shanghai Composite (China)	3,539	1.4%	▲	1.9%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.733	-0.9%	▼	-4.7%	▼
EUR/USD	1.145	-1.1%	▼	-6.3%	▼
USD/JPY	113.89	0.4%	▲	10.3%	▲
GBP/USD	1.34	-0.6%	▼	-1.9%	▼
US\$ Index	95.13	0.9%	▲	5.8%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	82.17	-0.7%	▼	58.6%	▲
Iron Ore (US\$/t)	88.40	-3.4%	▼	-44.2%	▼
Coking Coal (US\$/t)	2,785.00	-1.9%	▼	85.6%	▲
Gold (US\$/oz)	1,864.90	2.6%	▲	-1.8%	▼

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