

Weekly Economic Report

16 August 2021

The week that was

- US inflation, jobs and commentary from several Federal Reserve policymakers were prominent in the week. These suggested the US economy is making good progress and that consumer price pressures are still transitory. Markets in the US and Europe also rounded out solid earnings seasons, which pointed to cyclical recoveries. Globally, equities rose and bond yields retreated.
- Economic news in Australia was not as positive, with the recent lockdowns starting to flow into softer releases. Business and consumer confidence weakened.
- US 10-year bond yields fell 2bps to 1.28% for the week, while German 10-year yields dipped 1bp to close at -0.47%. In contrast, Australian 10-year yields rose 3bps, to 1.22%. TCorp's 10-year yield also increased, up 4bps, to 1.56%.
- Equity markets extended their recent positive performance. The major market indices for the US, Europe, Australia, China and Japan again closed higher. The ASX200 was up 1.2% for the week.
- The Australian dollar recovered some of its recent losses, up 0.2% for the week at US\$0.737.

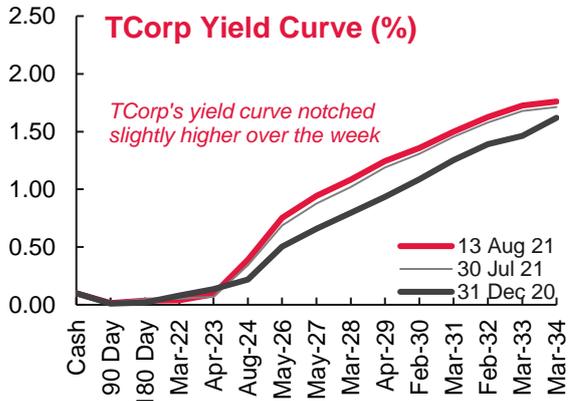
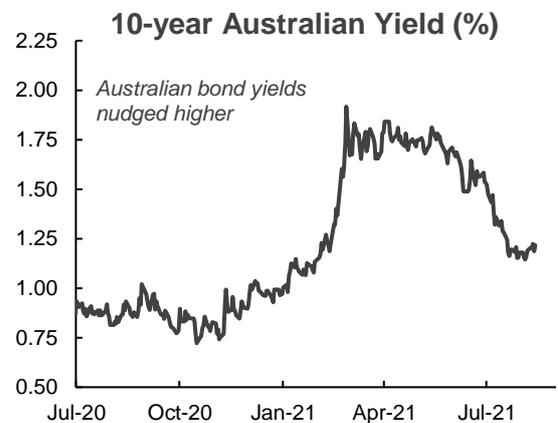
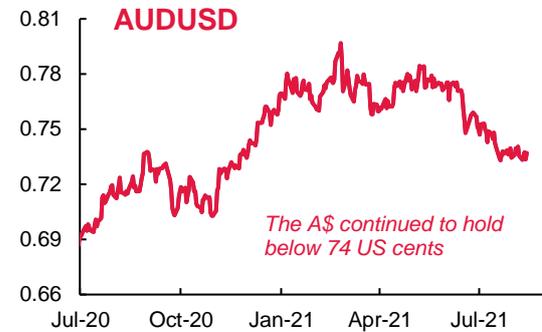
Economic calendar

| | |
|----------------------------|---|
| Monday 16/08 | CH: Retail sales, Jul, Industrial production, Jul, New home sales, Jul |
| Tuesday 17/08 | AU: RBA meeting minutes, Aug US: Retail sales, Jul, Industrial production, Jul |
| Wednesday 18/08 | AU: Wages, Jun qtr US: Housing starts, Jul, Building permits, Jul |
| Thursday 19/08 | AU: Employment, Jul US: FOMC meeting minutes, Jul |
| Friday 20/08 | AU: RBA Kent to speak to conference |

The week ahead

- A relatively busy week for releases from the world's major economies starts with production and retail data for China. The US is set to release the same reports, followed by housing starts and the Federal Reserve FOMC meeting minutes. These data points will indicate the strength of economic activity at the start of the current quarter.
- Meeting minutes will also be released from the Reserve Bank of Australia's August meeting, though are less of a focus given the recent Statement of Monetary Policy and Governor Lowe's testimony.
- The Australian data focus will be wages for the June quarter and July employment. The jobs data should start to reflect the impact of the current lockdowns.

Financial markets charts



Financial markets data: Week ending 13 August 2021

| Interest Rates | Close (%) | 1 Week (bps) | | YTD (bps) | |
|---|-----------|--------------|---|-----------|---|
| RBA Cash Rate | 0.10 | 0 | – | 0 | – |
| 90-day BBSW | 0.02 | 1 | ▲ | 1 | ▲ |
| 3-year Australian Bond Yield | 0.31 | 1 | ▲ | 20 | ▲ |
| 10-year Australian Bond Yield | 1.22 | 3 | ▲ | 25 | ▲ |
| 20-year Australian Bond Yield | 1.91 | 5 | ▲ | 20 | ▲ |
| 10-year Australian Break-Even Inflation | 2.02 | 0 | – | 25 | ▲ |
| 10-year Australian Real Yield | -0.80 | 3 | ▲ | 0 | ▼ |
| Fed Funds Rate (lower bound) | 0.00 | 0 | – | 0 | – |
| 2-year US Treasury Yield | 0.21 | 0 | ▼ | 9 | ▲ |
| 10-year US Treasury Yield | 1.28 | -2 | ▼ | 36 | ▲ |
| 30-year US Treasury Yield | 1.93 | -2 | ▼ | 28 | ▲ |
| 10-year German Bund Yield | -0.47 | -1 | ▼ | 10 | ▲ |
| NSW TCorp Bonds | Close (%) | 1 Week (bps) | | YTD (bps) | |
| 6.00% 1 March 2022 | 0.04 | -1 | ▼ | -4 | ▼ |
| 4.00% 20 April 2023 | 0.09 | 0 | ▲ | -4 | ▼ |
| 1.00% 8 February 2024 | 0.28 | 0 | ▲ | 8 | ▲ |
| 5.00% 20 August 2024 | 0.39 | 0 | ▼ | 17 | ▲ |
| 4.00% 20 May 2026 | 0.75 | 2 | ▲ | 25 | ▲ |
| 3.00% 20 May 2027 | 0.94 | 2 | ▲ | 28 | ▲ |
| 3.00% 20 March 2028 | 1.09 | 3 | ▲ | 29 | ▲ |
| 3.00% 20 April 2029 | 1.24 | 4 | ▲ | 31 | ▲ |
| 3.00% 20 February 2030 | 1.36 | 3 | ▲ | 27 | ▲ |
| 2.00% 20 March 2031 | 1.50 | 3 | ▲ | 25 | ▲ |
| 1.50% 20 February 2032 | 1.63 | 4 | ▲ | 24 | ▲ |
| 2.00% 8 March 2033 | 1.73 | 3 | ▲ | 26 | ▲ |
| 3.50% 20 March 2034 | 1.76 | 4 | ▲ | 14 | ▲ |
| 2.75% 20 November 2025 CIB | -1.22 | 3 | ▲ | -11 | ▼ |
| 2.50% 20 November 2035 CIB | -0.13 | -1 | ▼ | -4 | ▼ |
| 10-year NSW TCorp Bond Yield | 1.56 | 4 | ▲ | 32 | ▲ |
| 10-year TCV (Victoria) Spread | -0.05 | 0 | ▼ | -7 | ▼ |
| 10-year QTC (Queensland) Spread | -0.06 | 0 | ▲ | -2 | ▼ |
| Equities | Close | 1 Week | | YTD | |
| S&P/ASX200 (Australia) | 7,629 | 1.2% | ▲ | 15.8% | ▲ |
| S&P500 (US) | 4,468 | 0.7% | ▲ | 19.0% | ▲ |
| FTSE 100 (UK) | 7,219 | 1.3% | ▲ | 11.7% | ▲ |
| DJ Stoxx600 (Europe) | 476 | 1.2% | ▲ | 19.2% | ▲ |
| Nikkei 225 (Japan) | 27,977 | 0.6% | ▲ | 1.9% | ▲ |
| Shanghai Composite (China) | 3,516 | 1.7% | ▲ | 1.2% | ▲ |
| Currencies | Close | 1 Week | | YTD | |
| AUD/USD | 0.737 | 0.2% | ▲ | -4.2% | ▼ |
| EUR/USD | 1.180 | 0.3% | ▲ | -3.4% | ▼ |
| USD/JPY | 109.59 | -0.6% | ▼ | 6.1% | ▲ |
| GBP/USD | 1.39 | 0.0% | ▼ | 1.4% | ▲ |
| US\$ Index | 92.52 | -0.3% | ▼ | 2.9% | ▲ |
| Commodities | Close | 1 Week | | YTD | |
| Brent Oil (US\$/bbl) | 70.59 | -0.2% | ▼ | 36.3% | ▲ |
| Iron Ore (US\$/t) | 159.35 | -5.1% | ▼ | 0.6% | ▲ |
| Coking Coal (US\$/t) | 2,385.00 | 1.7% | ▲ | 58.9% | ▲ |
| Gold (US\$/oz) | 1,779.74 | 0.9% | ▲ | -6.2% | ▼ |

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