

The week that was

- The tone in markets was set by news of successful stage-3 trials of Pfizer's COVID-19 vaccine, boosting global growth prospects for 2021 and reducing downside risks to inflation.
- The US S&P500 gained another 2.2% last week and the EuroStox600 added 5.1%. The ASX200 rose 3.5% to 6405, a level last seen in early March.
- The vaccine news pointed to increased mobility and travel, lifting the oil price 8.4%. Perennial safe-haven gold dropped 3.2%. AUD ended up 0.2% vs USD.
- Global bond curves steepened, as the good news about the medium-term outlook was tempered by the surge in COVID-19 cases reducing mobility and economic activity in Europe and the US. US 10-year yields finished 8bps higher and Australian 10-year yields rose 11bps.

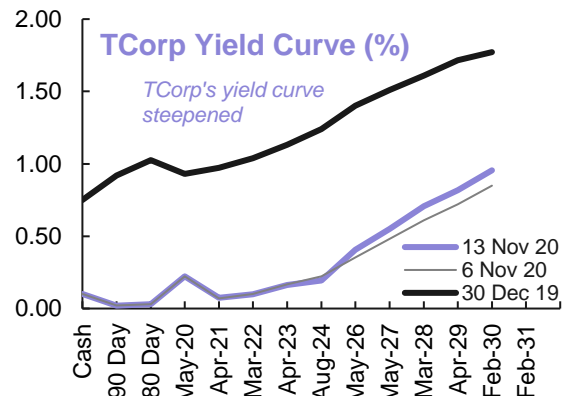
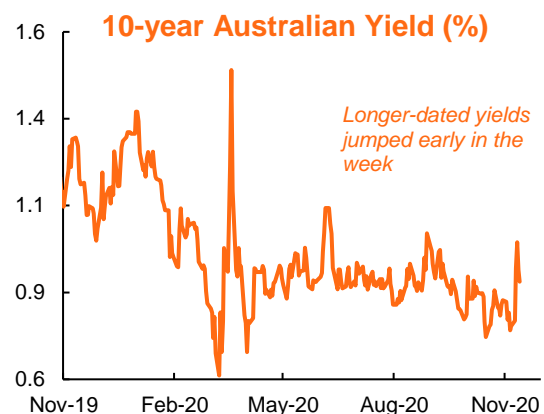
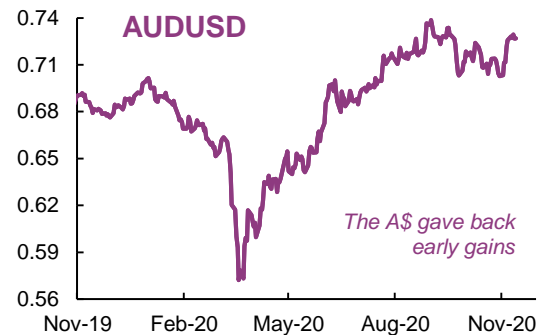
Economic calendar

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|---------------------------|------------------------------------|
| Monday 16/11 | CH: Industrial production, Oct |
| Tuesday 17/11 | AU: RBA Governor Lowe speech |
| Wednesday 18/11 | AU: NSW Budget 2020-21 |
| Thursday 19/11 | US: Retail sales, Oct |
| Friday 20/11 | AU: RBA Governor Lowe panel member |
| | US: Housing starts, Oct |
| | AU Labour force, Oct |
| | US Jobless claims, Nov 14 |
| | EU: Consumer confidence, Nov |
| | EU: ECB President Lagarde speech |

The week ahead

- Markets are facing a data deluge this week, with key economic releases, surging COVID-19 cases and central bankers' speeches generating plenty of noise.
- US markets receive updates on retail sales, industrial production, business inventories, housing starts, jobless claims and more. ECB member speeches will be parsed for hints of more monetary policy stimulus in Europe.
- The durability of China's economic recovery will become clearer after new data on industrial production, fixed investment and retail sales is released.
- In Australia, the minutes of the RBA's November meeting and speeches by Governor Lowe and Assistant Governor Kent will shed light on the RBA's recent decision to cut interest rates and accelerate quantitative easing. Look for news on wages growth and employment.
- The NSW Budget is expected to reveal a larger deficit for 2020-21, due to COVID-19 effects on revenue and spending, and an increased borrowing requirement.

Financial markets charts



Financial markets data: Week ending 13 November 2020

| Interest Rates | Close (%) | 1 Week (bps) | | YTD (bps) | |
|---|-----------|--------------|---|-----------|-----|
| RBA Cash Rate | 0.10 | 0 | — | -65 | ▼ |
| 90-day BBSW | 0.02 | 0 | ▼ | -90 | ▼ |
| 3-year Australian Bond Yield | 0.12 | 2 | ▲ | -78 | ▼ |
| 10-year Australian Bond Yield | 0.88 | 13 | ▲ | -49 | ▼ |
| 20-year Australian Bond Yield | 1.64 | 16 | ▲ | -23 | ▼ |
| 10-year Australian Break-Even Inflation | 1.39 | 7 | ▲ | -1 | ▼ |
| 10-year Australian Real Yield | -0.51 | 6 | ▲ | -47 | ▼ |
| Fed Funds Rate (lower bound) | 0.00 | 0 | — | -150 | ▼ |
| 2-year US Treasury Yield | 0.18 | 3 | ▲ | -139 | ▼ |
| 10-year US Treasury Yield | 0.90 | 8 | ▲ | -102 | ▼ |
| 30-year US Treasury Yield | 1.65 | 5 | ▲ | -74 | ▼ |
| 10-year German Bund Yield | -0.55 | 7 | ▲ | -36 | ▼ |
| NSW TCorp Bonds | Close (%) | 1 Week (bps) | | YTD (bps) | |
| 4.00% 8 April 2021 | 0.08 | 0 | ▲ | -93 | ▼ |
| 6.00% 1 March 2022 | 0.10 | 0 | ▼ | -96 | ▼ |
| 4.00% 20 April 2023 | 0.16 | 0 | ▼ | -100 | ▼ |
| 1.00% 8 February 2024 | 0.18 | -3 | ▼ | -110 | ▼ |
| 5.00% 20 August 2024 | 0.19 | -3 | ▼ | -109 | ▼ |
| 4.00% 20 May 2026 | 0.41 | 5 | ▲ | -105 | ▼ |
| 3.00% 20 May 2027 | 0.55 | 7 | ▲ | -102 | ▼ |
| 3.00% 20 March 2028 | 0.71 | 10 | ▲ | -96 | ▼ |
| 3.00% 20 April 2029 | 0.82 | 10 | ▲ | -96 | ▼ |
| 3.00% 20 February 2030 | 0.96 | 11 | ▲ | -89 | ▼ |
| 2.00% 20 March 2031 | 1.09 | 11 | ▲ | -87 | ▼ |
| 2.00% 20 March 2032 | 1.31 | 8 | ▲ | n/a | n/a |
| 2.00% 20 March 2033 | 1.46 | 9 | ▲ | -74 | ▼ |
| 2.75% 20 November 2025 CIB | -0.67 | -46 | ▼ | -76 | ▼ |
| 2.50% 20 November 2035 CIB | 0.22 | 4 | ▲ | n/a | n/a |
| 10-year NSW TCorp Bond Yield | 1.08 | 12 | ▲ | -76 | ▼ |
| 10-year TCV (Victoria) Spread | 0.01 | 0 | ▼ | 3 | ▲ |
| 10-year QTC (Queensland) Spread | -0.01 | 0 | ▲ | -4 | ▼ |
| Equities | Close | 1 Week | | YTD | |
| S&P/ASX200 (Australia) | 6,405 | 3.5% | ▲ | -4.2% | ▼ |
| S&P500 (US) | 3,585 | 2.2% | ▲ | 11.0% | ▲ |
| FTSE 100 (UK) | 6,316 | 6.9% | ▲ | -16.3% | ▼ |
| DJ Stoxx 600 (Europe) | 385 | 5.1% | ▲ | -7.4% | ▼ |
| Nikkei 225 (Japan) | 25,386 | 4.4% | ▲ | 7.3% | ▲ |
| Shanghai Composite (China) | 3,310 | -0.1% | ▼ | 8.5% | ▲ |
| Currencies | Close | 1 Week | | YTD | |
| AUD/USD | 0.727 | 0.2% | ▲ | 3.5% | ▲ |
| EUR/USD | 1.183 | -0.3% | ▼ | 5.5% | ▲ |
| USD/JPY | 104.63 | 1.2% | ▲ | -3.7% | ▼ |
| GBP/USD | 1.32 | 0.3% | ▲ | -0.5% | ▼ |
| US\$ Index | 92.76 | 0.6% | ▲ | -3.8% | ▼ |
| Commodities | Close | 1 Week | | YTD | |
| Brent Oil (US\$/bbl) | 42.78 | 8.4% | ▲ | -35.2% | ▼ |
| Iron Ore (US\$/t) | 120.89 | 2.9% | ▲ | 32.1% | ▲ |
| Coking Coal (US\$/t) | 1,306.00 | -2.1% | ▼ | 8.2% | ▲ |
| Gold (US\$/oz) | 1,889.20 | -3.2% | ▼ | 24.5% | ▲ |

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