

Financial markets charts

The week that was

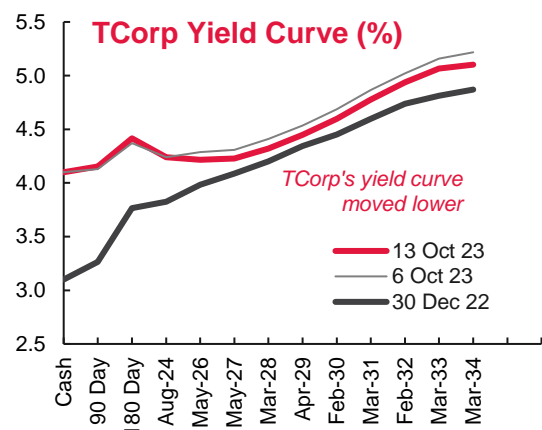
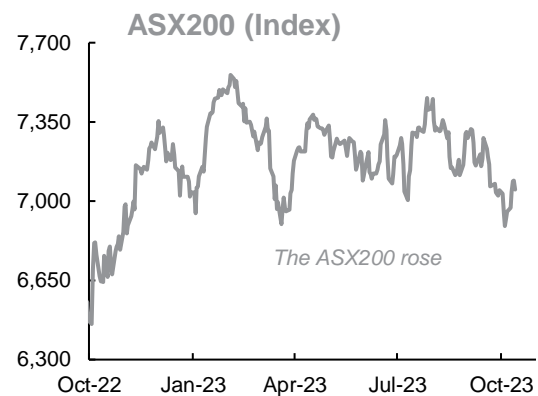
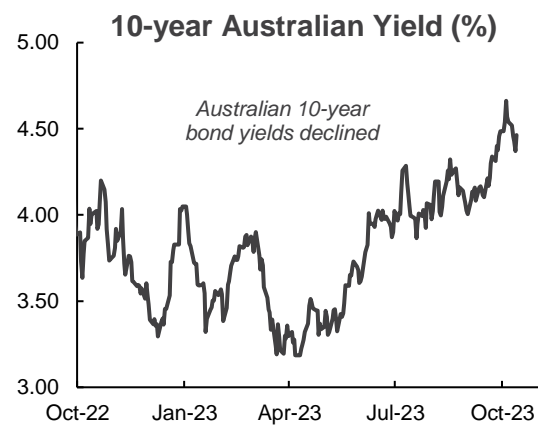
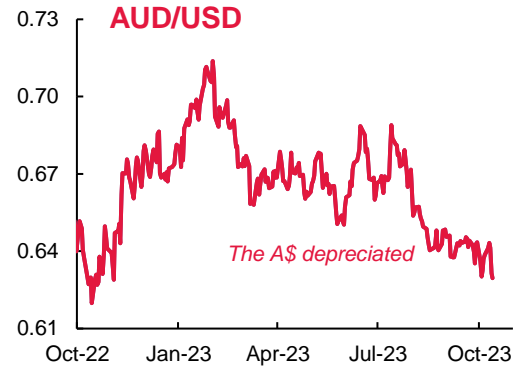
- Headline US consumer price inflation was stronger than expected in September and raised concerns around sticky services inflation. Although US bond yields rose in response, 10-year bond yields ended the week 19bps lower. The decline was driven by dovish comments from Federal Reserve (Fed) officials. These downplayed the need for further rate hikes after the recent tightening of US financial conditions and increased demand for safe-haven assets on concerns around the Middle East. The fall in bond yields supported equities, with the S&P500 rising 0.4%.
- Locally, survey data suggests that consumer sentiment remains weak but points to ongoing resilience in business activity and a gradual easing in cost and price pressures. Australian 10-year bond yields fell 8bps and the ASX200 gained 1.4%, mostly driven by developments in the US.
- Oil prices rose 7.5% last week on concerns that the war in the Middle East could affect supply.
- The increased demand for safe-haven assets saw the Australian dollar depreciate by 1.4%, to US\$0.63.

Economic calendar

Monday 16/10	US: Empire manufacturing, Oct
Tuesday 17/10	AU: RBA minutes, October meeting US: Retail sales, Sep; Industrial production, Sep NZ: CPI, Sep qtr CA: CPI, Sep UK: Labour market data, Sep
Wednesday 18/10	UK: CPI, Sep EC: CPI, Sep (final) CH: GDP, Sep qtr; Monthly activity indicators, Sep US: Housing starts, Sep; Building permits, Sep
Thursday 19/10	AU: Labour force, Sep US: Existing home sales, Sep; Fed Beige Book released
Friday 20/10	JN: CPI, Sep

The week ahead

- Attention will focus on messaging from the many US Fed officials speaking publicly. Interest will centre on whether Fed Chair Powell suggests another rate hike is more likely following the stronger-than-expected payrolls and inflation data. US housing and retail sales data will also receive attention.
- Locally, the Reserve Bank of Australia Governor will speak publicly and minutes from the RBA's October meeting will be released. Employment data will also be in focus.
- Inflation data from several countries and China's economic activity indicators will be closely watched.



Financial markets data: Week ending 13 October 2023

INTEREST RATES	CLOSE (%)	1 WEEK (BPS)		YTD (BPS)	
RBA Cash Rate	4.10	0	—	100	▲
90-day BBSW	4.15	3	▲	89	▲
3-year Australian Bond Yield	3.95	-5	▼	44	▲
10-year Australian Bond Yield	4.46	-8	▼	41	▲
20-year Australian Bond Yield	4.80	-5	▼	42	▲
10-year Australian Break-Even Inflation	2.54	3	▲	8	▲
10-year Australian Real Yield	1.93	-11	▼	34	▲
Fed Funds Rate (lower bound)	5.25	0	—	100	▲
2-year US Treasury Yield	5.05	-3	▼	63	▲
10-year US Treasury Yield	4.61	-19	▼	74	▲
30-year US Treasury Yield	4.75	-21	▼	79	▲
10-year German Bund Yield	2.74	-15	▼	17	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
1.00% 8 February 2024	4.22	-2	▼	48	▲
5.00% 20 August 2024	4.24	0	▲	42	▲
1.25% 20 March 2025	4.30	-3	▼	45	▲
4.00% 20 May 2026	4.22	-7	▼	23	▲
3.00% 20 May 2027	4.23	-8	▼	14	▲
3.00% 20 March 2028	4.32	-9	▼	12	▲
3.00% 20 April 2029	4.45	-9	▼	10	▲
3.00% 20 February 2030	4.60	-9	▼	15	▲
2.00% 20 March 2031	4.78	-9	▼	18	▲
1.50% 20 February 2032	4.94	-9	▼	20	▲
2.00% 8 March 2033	5.07	-9	▼	25	▲
3.50% 20 March 2034	5.10	-12	▼	23	▲
2.75% 20 November 2025 CIB	1.44	-8	▼	63	▲
2.50% 20 November 2035 CIB	2.62	-11	▼	18	▲
10-year NSW TCorp Bond Yield	5.06	-9	▼	31	▲
10-year TCV (Victoria) Spread	0.05	0	▼	1	▲
10-year QTC (Queensland) Spread	-0.08	0	▼	-2	▼
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	7,051	1.4%	▲	0.2%	▲
S&P500 (US)	4,328	0.4%	▲	12.7%	▲
FTSE 100 (UK)	7,600	1.4%	▲	2.0%	▲
DJ Stoxx600 (Europe)	449	1.0%	▲	5.7%	▲
Nikkei 225 (Japan)	32,316	4.3%	▲	23.8%	▲
Shanghai Composite (China)	3,088	-0.7%	▼	0.0%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.630	-1.4%	▼	-7.6%	▼
EUR/USD	1.051	-0.7%	▼	-1.8%	▼
USD/JPY	149.57	0.2%	▲	14.1%	▲
GBP/USD	1.21	-0.8%	▼	0.5%	▲
US\$ Index	106.65	0.6%	▲	3.0%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	90.89	7.5%	▲	5.8%	▲
Iron Ore (US\$/t)	117.36	-0.2%	▼	5.5%	▲
Coking Coal (US\$/t)	239.54	0.2%	▲	-33.5%	▼
Gold (US\$/oz)	1,932.82	5.4%	▲	6.0%	▲

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