

Weekly Economic Report

16 September 2024

Financial markets charts

The week that was

- US inflation was slightly stronger-than-expected but still suggests that inflation is falling back towards the US Federal Reserve's (Fed's) 2% target. Investors expect slightly more aggressive rate cuts in 2024 compared to last week, which saw US 10-year bond yields fall 6bps and the S&P500 gain 4%.
- The European Central Bank (ECB) lowered interest rates by 25bps, the second rate cut this cycle. The ECB remains concerned about how long it will take for inflation to return to target but is expected to gradually lower rates because of weak economic activity. The ECB again avoided providing forward guidance about the timing of future rate cuts, noting that it will depend on incoming data.
- In Australia, consumer sentiment remains weak, and business surveys suggest inflation will continue to fall towards target. Australian 10-year bond yields fell 6bps last week and the ASX200 rose 1.1%.
- Disappointing data out of China suggested economic growth remains weak, with no noticeable boost from previously announced policy measures.

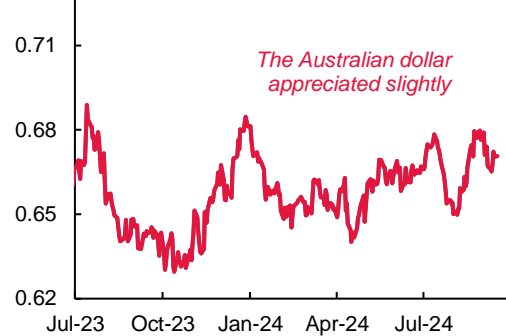
Economic calendar

Monday 16/09	US: Empire Manufacturing, Sep
Tuesday 17/09	US: Retail sales, Aug CA: CPI, Aug
Wednesday 18/09	US: Federal Reserve policy decision UK: CPI, Aug EC: CPI, Aug (final)
Thursday 19/09	AU: Labour force, Aug UK: Bank of England policy decision NZ: GDP, Jun qtr
Friday 20/09	JP: Bank of Japan policy decision; National CPI, Aug

The week ahead

- The US Fed will deliver its first rate cut for this cycle, with investors divided about whether it will be 25bps or 50bps. Investors will also focus on the Fed's updated forecasts and any indication about the timing and magnitude of future rate cuts.
- In Australia, labour market data for August is expected to show a slowdown in employment growth and the unemployment rate holding steady. A rapid deterioration in labour market conditions increases the likelihood of the RBA cutting rates sooner than it currently expects to.
- The Bank of England and Bank of Japan are expected to keep rates on hold. Inflation data in both countries will also be released, as well as in Canada and Europe.
- GDP data in New Zealand is expected to show the economy contracted in the June quarter.

AUD/USD



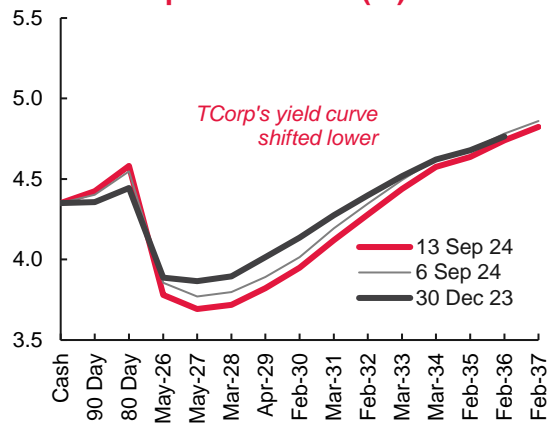
10-year Australian Yield (%)



ASX200 (Index)



TCorp Yield Curve (%)



Financial markets data: Week ending 13 September 2024

INTEREST RATES	CLOSE (%)	1 WEEK (BPS)		YTD (BPS)	
RBA Cash Rate	4.35	0	—	0	—
90-day BBSW	4.42	2	▲	7	▲
3-year Australian Bond Yield	3.43	-7	▼	-17	▼
10-year Australian Bond Yield	3.82	-6	▼	-14	▼
20-year Australian Bond Yield	4.34	-8	▼	9	▲
10-year Australian Break-Even Inflation	2.24	2	▲	-34	▼
10-year Australian Real Yield	1.58	-9	▼	20	▲
Fed Funds Rate (lower bound)	5.25	0	—	0	—
2-year US Treasury Yield	3.58	-6	▼	-67	▼
10-year US Treasury Yield	3.65	-6	▼	-23	▼
30-year US Treasury Yield	3.98	-4	▼	-5	▼
10-year German Bund Yield	2.15	-2	▼	12	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 20 May 2026	3.78	-8	▼	-11	▼
3.00% 20 May 2027	3.69	-8	▼	-17	▼
3.00% 20 March 2028	3.72	-8	▼	-18	▼
3.00% 20 April 2029	3.82	-7	▼	-19	▼
3.00% 20 February 2030	3.95	-7	▼	-19	▼
2.00% 20 March 2031	4.12	-7	▼	-15	▼
1.50% 20 February 2032	4.28	-7	▼	-12	▼
2.00% 8 March 2033	4.44	-6	▼	-8	▼
1.75% 20 March 2034	4.58	-5	▼	-5	▼
4.75% 20 February 2035	4.64	-4	▼	-4	▼
4.25% 20 February 2036	4.74	-4	▼	-2	▼
4.75% 20 February 2037	4.82	-4	▼	--	--
2.75% 20 November 2025 CIB	1.52	0	—	46	▲
2.50% 20 November 2035 CIB	2.26	-8	▼	19	▲
10-year NSW TCorp Bond Yield	4.59	-3	▼	4	▲
10-year TCV (Victoria) Spread	0.07	-1	▼	-4	▼
10-year QTC (Queensland) Spread	-0.01	-1	▼	8	▲
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	8,100	1.1%	▲	6.7%	▲
S&P500 (US)	5,626	4.0%	▲	18.0%	▲
FTSE 100 (UK)	8,273	1.1%	▲	7.0%	▲
DJ Stoxx600 (Europe)	516	1.9%	▲	7.7%	▲
Nikkei 225 (Japan)	36,582	0.5%	▲	9.3%	▲
Shanghai Composite (China)	2,704	-2.2%	▼	-9.1%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.670	0.5%	▲	-1.6%	▼
EUR/USD	1.108	-0.1%	▼	0.3%	▲
USD/JPY	140.85	-1.0%	▼	-0.1%	▼
GBP/USD	1.31	0.0%	▼	3.1%	▲
US\$ Index	101.11	-0.1%	▼	-0.2%	▼
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	71.61	0.8%	▲	-7.0%	▼
Iron Ore (US\$/t)	92.58	0.9%	▲	-32.1%	▼
Coking Coal (US\$/t)	172.06	-1.1%	▼	-37.6%	▼
Gold (US\$/oz)	2,577.70	3.2%	▲	25.0%	▲

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