

The week that was

- Chinese economic data continues to suggest that while industrial production has bounced back, household and business demand remains weak. In contrast, US retail spending in July was resilient. Looking ahead, however, the failure of US politicians to agree to an extension of the fiscal stimulus payments to unemployed people past July will likely weigh on spending in August.
- Australian firms became more cautious in July as the Victorian economy went back into lockdown. Firms, however, actually reported stronger conditions in July which raises the hope that activity will revive once the new restrictions are eased.
- Despite the mixed economic data, equity markets were stronger over the week. The US and Chinese markets recorded modest gains of 0.6% and 0.2%, while the Australian share market rose 2%.
- Longer-dated bond yields rose significantly last week, as large debt issuance from the US Treasury appeared to outweigh investor appetite. US 10-year yields rose by 15bps while Australian 10-year yields increased by 11bps.

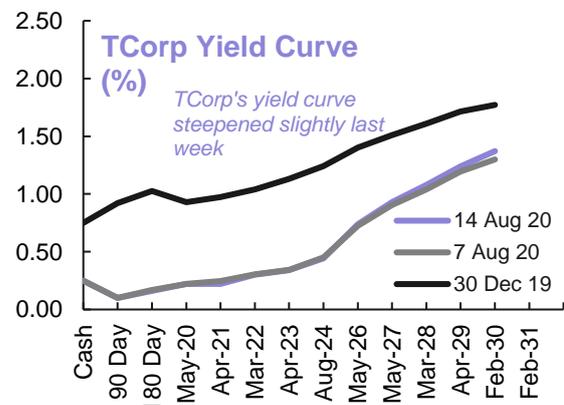
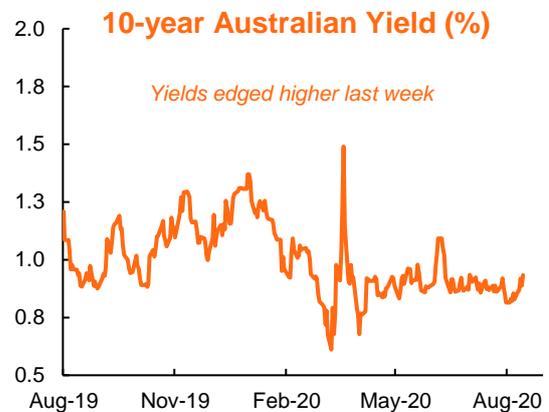
Economic calendar

Monday 17/08	US: NY Empire manufacturing survey, Aug
Tuesday 18/08	US: Housing starts, Jul
Wednesday 19/08	AU: RBA Policy meeting minutes
Thursday 20/08	EU: Consumer prices, Jul
Friday 21/08	US: FOMC meeting minutes
	US: Philly Fed business survey, Aug
	US: Initial jobless claims
	AU: Preliminary retail sales, Jul
	Global: Manufacturing PMIs, Aug

The week ahead

- The main focus this week will be the release of Purchasing Managers' Indexes for the manufacturing sector. These surveys were taken in August and so will provide a timely update on whether the recovery of the past 3 months has maintained its momentum.
- Ahead of the PMIs, some manufacturing data will be released for the New York and Philadelphia regions.
- Minutes of recent policy meetings for the US and Australian central banks will also be released, with the main focus on whether US policymakers are seriously considering pursuing a policy of yield curve control.
- Finally, Australian preliminary retail sales for July will be released, with bank data suggesting that spending remained solid in the month.

Financial markets charts



Financial markets data: Week ending 14 August 2020

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.25	0	–	-50	▼
90-day BBSW	0.10	0	–	-82	▼
3-year Australian Bond Yield	0.25	0	▼	-65	▼
10-year Australian Bond Yield	0.93	11	▲	-44	▼
20-year Australian Bond Yield	1.63	10	▲	-24	▼
10-year Australian Break-Even Inflation	1.47	13	▲	6	▲
10-year Australian Real Yield	-0.54	-3	▼	-50	▼
Fed Funds Rate (lower bound)	0.00	0	–	-150	▼
2-year US Treasury Yield	0.15	2	▲	-142	▼
10-year US Treasury Yield	0.71	15	▲	-121	▼
30-year US Treasury Yield	1.45	21	▲	-94	▼
10-year German Bund Yield	-0.42	9	▲	-24	▼
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 8 April 2021	0.22	-2	▼	-78	▼
6.00% 1 March 2022	0.30	0	▼	-76	▼
4.00% 20 April 2023	0.34	0	▼	-83	▼
1.00% 8 February 2024	0.40	0	▼	-88	▼
5.00% 20 August 2024	0.44	-1	▼	-84	▼
4.00% 20 May 2026	0.74	1	▲	-71	▼
3.00% 20 May 2027	0.93	2	▲	-64	▼
3.00% 20 March 2028	1.08	4	▲	-59	▼
3.00% 20 April 2029	1.24	4	▲	-54	▼
3.00% 20 February 2030	1.37	7	▲	-47	▼
2.00% 20 March 2031	1.50	7	▲	-46	▼
2.00% 20 March 2032	1.72	7	▲	n/a	n/a
2.00% 20 March 2033	1.78	5	▲	-41	▼
3.75% 20 August 2020 CIB	1.60	0	–	227	▲
2.75% 20 November 2025 CIB	-0.25	-14	▼	-34	▼
2.50% 20 November 2035 CIB	0.38	4	▲	n/a	n/a
10-year NSW TCorp Bond Yield	1.45	6	▲	-40	▼
10-year TCV (Victoria) Spread	-0.02	-3	▼	0	–
10-year QTC (Queensland) Spread	-0.01	0	▼	-4	▼
Equities	Close	1 Week		YTD	
S&P/ASX 200 (Australia)	6,126	2.0%	▲	-8.3%	▼
S&P 500 (US)	3,373	0.6%	▲	4.4%	▲
FTSE 100 (UK)	6,090	1.0%	▲	-19.3%	▼
Euro Stoxx 600 (Europe)	368	1.2%	▲	-11.5%	▼
Nikkei 225 (Japan)	23,289	4.3%	▲	-1.6%	▼
Shanghai Composite (China)	3,360	0.2%	▲	10.2%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.717	0.2%	▲	2.3%	▲
EUR/USD	1.184	0.5%	▲	5.6%	▲
USD/JPY	106.60	0.6%	▲	-1.8%	▼
GBP/USD	1.31	0.3%	▲	-0.7%	▼
US\$ Index	93.10	-0.4%	▼	-3.4%	▼
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	44.80	0.9%	▲	-32.1%	▼
Iron Ore (US\$/t)	120.23	2.0%	▲	31.4%	▲
Coking Coal (US\$/t)	1,254.00	-3.5%	▼	3.9%	▲
Gold (US\$/oz)	1,945.12	-4.4%	▼	28.2%	▲

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