

## The week that was

- Despite a one day surge in new coronavirus cases, markets seem comfortable that the rate of spread has started to ease. In Australia, equities were also supported by strong half year earnings results. The Australian equity market rose 1.5%, the US S&P500 rose 1.6%, and European stocks rose 1.5%.
- Commodities have suffered significant losses over the past few weeks with the extension of the China New Year holiday and production shut down raising concerns over demand. Last week though, as production started to resume, the prices of oil and iron ore both rose by more than 5%.
- In Australia, the value of home lending surged in December registering 4.4% growth m/m. Over the year the increase was 14% reflecting the jump in house prices over the latter half of 2019.
- The NAB Business Survey registered no change in business conditions and a marginally improved (though still negative) confidence reading. Conditions in NSW and Victoria fell slightly due to the extensive bushfire season. Significantly, the employment index declined 3 index points to +1 and now sits below its average.

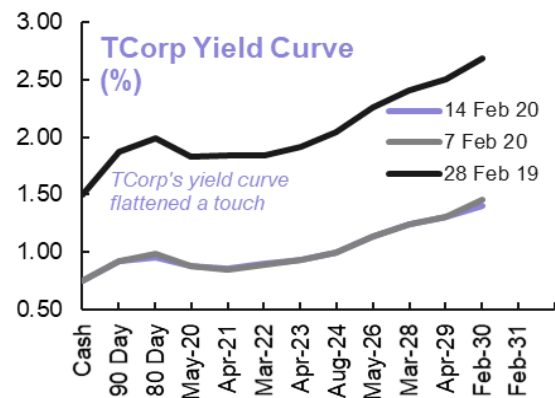
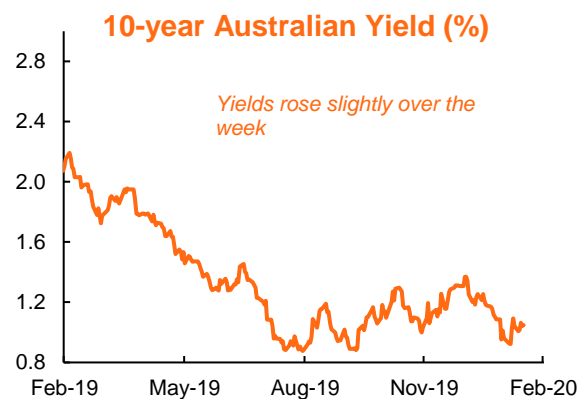
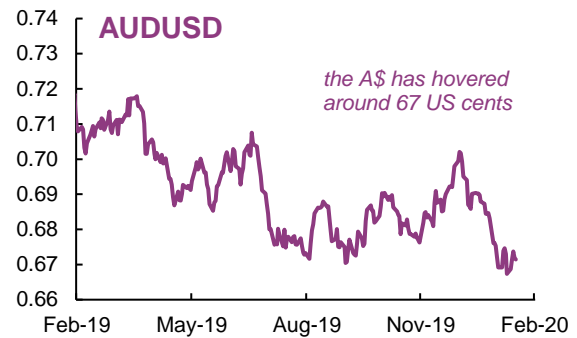
## Economic calendar

<b>Monday</b> 17/02	EU: Construction output, Dec
<b>Tuesday</b> 18/02	<b>AU: RBA meeting minutes, Feb</b> UK: Unemployment Rate US: NAHB Housing Market Index
<b>Wednesday</b> 19/02	<b>AU: Wage Price Index, Q419</b> US: Empire State Manufacturing survey
<b>Thursday</b> 20/02	<b>AU: Labour Force survey</b>
<b>Friday</b> 21/02	Global: Purchasing Managers Indexes

## The week ahead

- The Australian employment data will be keenly watched following on from last month's unexpected decline in the unemployment rate. Investors will also be focussed on the data given the importance the RBA is now placing on this indicator in its policy rate decisions.
- Quarterly wage data will also be released this week. The RBA has made it clear that wages growth needs to lift from its current pace of 2¼% to more than 3% to get inflation back within its target band. So far, there has been little sign of faster wages growth.
- Globally, most attention will be focussed on Purchasing Managers Indexes which are released on Friday.

## Financial markets charts



## Financial markets data: Week ending 14 February 2020

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.75	0	—	0	—
90-day BBSW	0.92	0	▼	0	▼
3-year Australian Bond Yield	0.72	0	▲	-18	▼
10-year Australian Bond Yield	1.05	0	▲	-32	▼
20-year Australian Bond Yield	1.55	2	▲	-32	▼
10-year Australian Break-Even Inflation	1.35	-1	▼	-6	▼
10-year Australian Real Yield	-0.30	1	▲	-26	▼
Fed Funds Rate (lower bound)	1.50	0	—	0	—
2-year US Treasury Yield	1.43	3	▲	-14	▼
10-year US Treasury Yield	1.58	0	▲	-33	▼
30-year US Treasury Yield	2.04	-1	▼	-35	▼
10-year German Bund Yield	-0.40	-2	▼	-22	▼
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
6.00% 1 May 2020	0.87	0	▼	-6	▼
4.00% 8 April 2021	0.86	2	▲	-14	▼
6.00% 1 March 2022	0.90	1	▲	-16	▼
4.00% 20 April 2023	0.93	0	▼	-23	▼
1.00% 8 February 2024	0.99	0	▼	-29	▼
5.00% 20 August 2024	1.00	0	▼	-28	▼
4.00% 20 May 2026	1.13	0	▼	-32	▼
3.00% 20 May 2027	1.24	0	▼	-33	▼
3.00% 20 March 2028	1.31	0	▼	-36	▼
3.00% 20 April 2029	1.41	0	▲	-37	▼
3.00% 20 February 2030	1.47	1	▲	-37	▼
2.00% 20 March 2031	1.60	1	▲	-36	▼
3.75% 20 August 2020 CIB	-0.96	1	▲	-28	▼
2.75% 20 November 2025 CIB	-0.14	-1	▼	-23	▼
2.50% 20 November 2035 CIB	0.51	5	▲	-21	▼
10-year NSW TCorp Bond Yield	1.49	1	▲	-35	▼
10-year TCV (Victoria) Spread	-0.01	0	—	0	▲
10-year QTC (Queensland) Spread	0.02	0	▼	-1	▼
Equities	Close	1 Week		YTD	
S&P/ASX 200 (Australia)	7,130	1.5%	▲	6.7%	▲
S&P 500 (US)	3,380	1.6%	▲	4.6%	▲
FTSE 100 (UK)	7,409	-0.8%	▼	-1.8%	▼
DJ Stoxx 600 (Europe)	431	1.5%	▲	3.5%	▲
Nikkei 225 (Japan)	23,688	-0.6%	▼	0.1%	▲
Shanghai Composite (China)	2,917	1.4%	▲	-4.4%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.671	0.6%	▲	-4.4%	▼
EUR/USD	1.083	-1.1%	▼	-3.4%	▼
USD/JPY	109.78	0.0%	▲	1.1%	▲
GBP/USD	1.30	1.2%	▲	-1.6%	▼
US\$ Index	99.12	0.4%	▲	2.8%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	57.32	5.2%	▲	-13.2%	▼
Iron Ore (US\$/t)	85.76	5.1%	▲	-6.3%	▼
Coking Coal (US\$/t)	1,287.00	1.1%	▲	6.6%	▲
Gold (US\$/oz)	1,584.06	0.9%	▲	4.4%	▲

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