

Weekly Economic Report

17 July 2023

Financial markets charts

The week that was

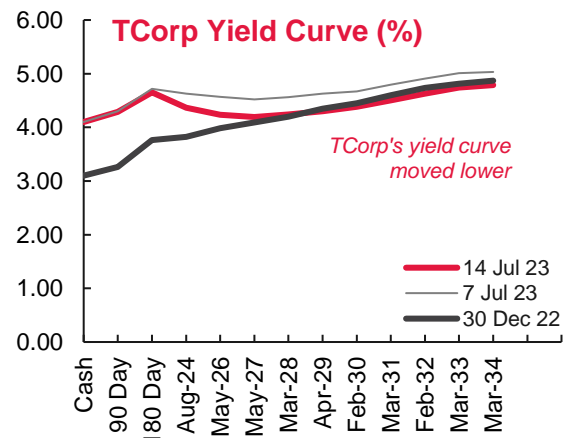
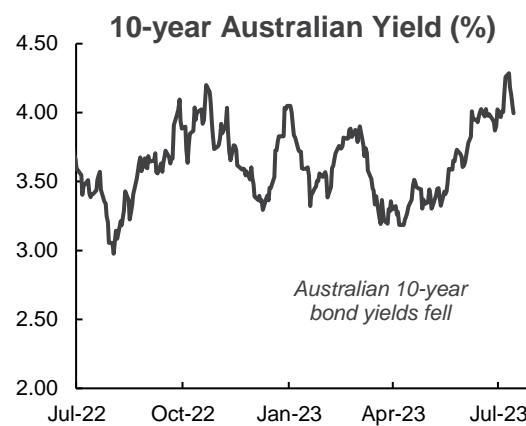
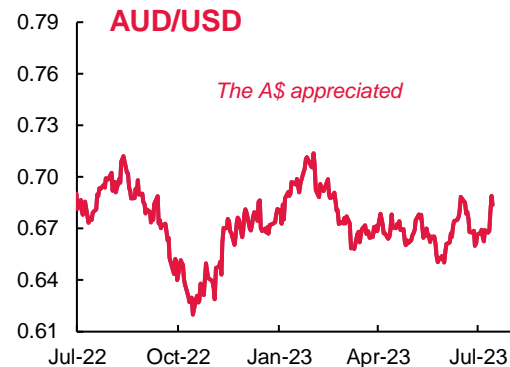
- A Reserve Bank of Australia (RBA) Governor's speech was interpreted as reducing the risk of further rate hikes. While noting that consumer spending had slowed, the Governor also outlined the bank's preliminary response to the RBA Review recommendations, including moving to 8 annual Board meetings from next year. Michele Bullock, the current RBA Deputy Governor, was appointed to replace the Governor when his term expires in September, but there was no notable reaction in financial markets to this news.
- Australian consumer sentiment remains weak and surveyed business conditions have deteriorated since the start of this year, though remain close to their long-run average level. Australian 10-year bond yields fell by 26bps last week while the ASX rose 3.7% and the Australian dollar appreciated by 2.2%.
- US June inflation data suggested that price pressures are easing. Monthly consumer prices rose 0.2%, with headline inflation at 3% and core inflation at 4.8% over the year. Producer price inflation also surprised to the downside. US 10-year bond yields fell by 23bps and the S&P500 gained 2.4%.
- Inflation and exports in China were also softer than expected in June, reinforcing concerns around weakness in domestic demand and adding to expectations for upcoming policy stimulus.
- The Bank of Canada raised its policy rate by 25bps, and the Reserve Bank of New Zealand left its policy rate unchanged for the first time since October 2021.

Economic calendar

Monday 17/07	CH: GDP, June quarter; Monthly activity data, Jun US: NY Empire State Manufacturing, Jul
Tuesday 18/07	AU: RBA Minutes of July policy meeting US: Retail sales, Jun; Industrial production, Jun CA: CPI, Jun
Wednesday 19/07	US: Building permits & housing starts, Jun UK & EC: CPI, Jun NZ: CPI, Jun qtr
Thursday 20/07	AU: Labour force, Jun US: Existing home sales, Jun
Friday 21/07	JN: National CPI, Jun UK: Retail sales, Jun

The week ahead

- Locally, investors will focus on labour force data and the RBA July policy meeting minutes.
- Offshore, Chinese activity data will be closely watched amid concerns of slowing economic momentum. Updated inflation reads will also be released for several countries.
- June quarter earnings reporting season continues.



Financial markets data: Week ending 14 July 2023

INTEREST RATES	CLOSE (%)	1 WEEK (BPS)		YTD (BPS)	
RBA Cash Rate	4.10	0	—	100	▲
90-day BBSW	4.29	-1	▼	102	▲
3-year Australian Bond Yield	3.91	-33	▼	40	▲
10-year Australian Bond Yield	4.00	-26	▼	-5	▼
20-year Australian Bond Yield	4.27	-19	▼	-10	▼
10-year Australian Break-Even Inflation	2.46	-3	▼	0	▼
10-year Australian Real Yield	1.54	-23	▼	-5	▼
Fed Funds Rate (lower bound)	5.00	0	—	75	▲
2-year US Treasury Yield	4.77	-18	▼	34	▲
10-year US Treasury Yield	3.83	-23	▼	-4	▼
30-year US Treasury Yield	3.93	-12	▼	-4	▼
10-year German Bund Yield	2.51	-13	▼	-6	▼
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
1.00% 8 February 2024	4.36	-21	▼	62	▲
5.00% 20 August 2024	4.37	-26	▼	54	▲
1.25% 20 March 2025	4.36	-34	▼	52	▲
4.00% 20 May 2026	4.24	-33	▼	25	▲
3.00% 20 May 2027	4.20	-33	▼	11	▲
3.00% 20 March 2028	4.24	-32	▼	4	▲
3.00% 20 April 2029	4.30	-32	▼	-4	▼
3.00% 20 February 2030	4.38	-29	▼	-7	▼
2.00% 20 March 2031	4.50	-29	▼	-10	▼
1.50% 20 February 2032	4.63	-28	▼	-11	▼
2.00% 8 March 2033	4.74	-27	▼	-7	▼
3.50% 20 March 2034	4.79	-24	▼	-8	▼
2.75% 20 November 2025 CIB	1.25	-31	▼	44	▲
2.50% 20 November 2035 CIB	2.26	-22	▼	-18	▼
10-year NSW TCorp Bond Yield	4.73	-27	▼	-3	▼
10-year TCV (Victoria) Spread	0.04	1	▲	0	—
10-year QTC (Queensland) Spread	-0.09	0	▲	-3	▼
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	7,303	3.7%	▲	3.8%	▲
S&P500 (US)	4,505	2.4%	▲	17.3%	▲
FTSE 100 (UK)	7,435	2.4%	▲	-0.2%	▼
DJ Stoxx600 (Europe)	461	2.9%	▲	8.5%	▲
Nikkei 225 (Japan)	32,391	0.0%	▲	24.1%	▲
Shanghai Composite (China)	3,238	1.3%	▲	4.8%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.684	2.2%	▲	0.4%	▲
EUR/USD	1.123	2.4%	▲	4.9%	▲
USD/JPY	138.80	-2.4%	▼	5.9%	▲
GBP/USD	1.31	2.0%	▲	8.4%	▲
US\$ Index	99.91	-2.3%	▼	-3.5%	▼
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	79.87	1.8%	▲	-7.0%	▼
Iron Ore (US\$/t)	113.79	3.9%	▲	2.3%	▲
Coking Coal (US\$/t)	226.59	1.2%	▲	-37.1%	▼
Gold (US\$/oz)	1,955.21	1.6%	▲	7.2%	▲

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