

Financial markets charts

The week that was

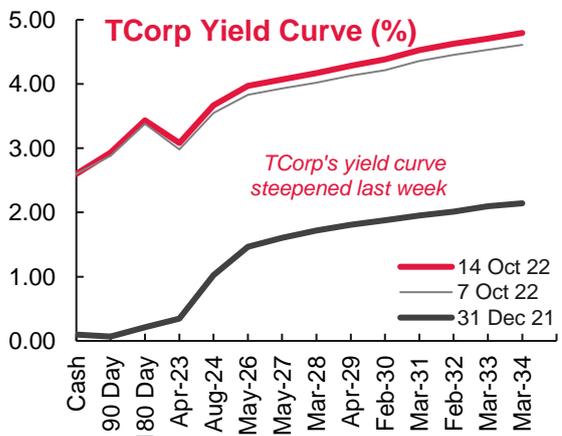
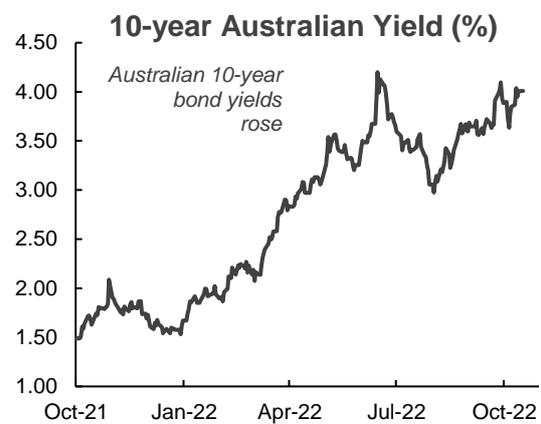
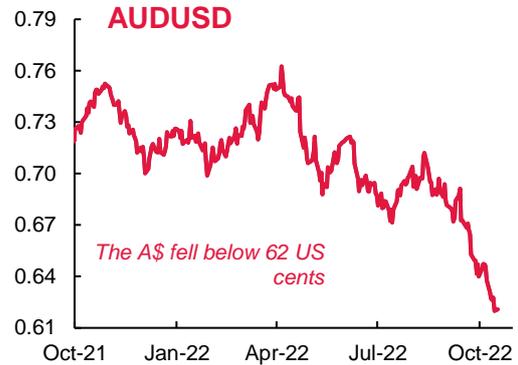
- US inflation again surprised to the upside in September, suggesting that the US central bank is likely to continue to raise rates aggressively over the remainder of 2022.
- As investors bet on interest rates peaking at a higher level, and remaining there for longer, bond yields rose. US 2-year yields rose 19bps to 4.5% while 10-year yields climbed 14bps to 4.02%. Australian 10-year bond yields closed up 16bps to 4.01%.
- Global equity markets weakened last week as the outlook for corporate earnings deteriorated. The US S&P500 index declined 1.6% and Australian equities edged down 0.1%. While the trend for share markets was down, there was also remarkable volatility in financial markets, with the US market trading through a 6ppt range.
- Interestingly, oil prices fell by 6.4% despite OPEC's decision to reduce oil production. In combination with Australian bond yields dipping below US yields, this undermined support for the Australian dollar which briefly dipped below US\$0.62.

Economic calendar

| | |
|---------------------------|--|
| Monday 17/10 | US: NY Empire manufacturing survey |
| Tuesday 18/10 | NZ: Consumer inflation, Q3 AU: RBA's Bullock speech |
| Wednesday 19/10 | US: Fed Beige Book |
| Thursday 20/10 | AU: Employment, Sep US: Initial jobless claims |
| Friday 21/10 | JP: Inflation, Sep |

The week ahead

- It is a quieter week for data this week, both in Australia and globally. In Australia, the main focus will be on the September labour force survey. While unemployment remains very low, there are some indications from job vacancy surveys that labour demand may be softening.
- Also of interest to Australian investors will be the NZ inflation data, given the high correlation between consumer prices in Australia and NZ. Australian inflation data will be released the following week.
- In the US, regional business surveys will start to be released for September and will show how resilient activity is remaining. The US Federal Reserve's Beige Book – a summary of anecdotes from the US regions – will also provide an insight into the breadth of activity.



Financial markets data: Week ending 14 October 2022

| Interest Rates | Close (%) | 1 Week (bps) | | YTD (bps) | |
|---|-----------|--------------|---|-----------|---|
| RBA Cash Rate | 2.60 | 0 | – | 250 | ▲ |
| 90-day BBSW | 2.93 | 5 | ▲ | 286 | ▲ |
| 3-year Australian Bond Yield | 3.54 | 12 | ▲ | 263 | ▲ |
| 10-year Australian Bond Yield | 4.01 | 16 | ▲ | 234 | ▲ |
| 20-year Australian Bond Yield | 4.32 | 19 | ▲ | 205 | ▲ |
| 10-year Australian Break-Even Inflation | 2.22 | -2 | ▼ | -5 | ▼ |
| 10-year Australian Real Yield | 1.78 | 18 | ▲ | 239 | ▲ |
| Fed Funds Rate (lower bound) | 3.00 | 0 | – | 300 | ▲ |
| 2-year US Treasury Yield | 4.50 | 19 | ▲ | 376 | ▲ |
| 10-year US Treasury Yield | 4.02 | 14 | ▲ | 251 | ▲ |
| 30-year US Treasury Yield | 3.99 | 15 | ▲ | 209 | ▲ |
| 10-year German Bund Yield | 2.35 | 15 | ▲ | 252 | ▲ |
| NSW TCorp Bonds | Close (%) | 1 Week (bps) | | YTD (bps) | |
| 4.00% 20 April 2023 | 3.08 | 10 | ▲ | 274 | ▲ |
| 1.00% 8 February 2024 | 3.60 | 11 | ▲ | 278 | ▲ |
| 5.00% 20 August 2024 | 3.67 | 12 | ▲ | 265 | ▲ |
| 1.25% 20 March 2025 | 3.77 | 12 | ▲ | 255 | ▲ |
| 4.00% 20 May 2026 | 3.97 | 14 | ▲ | 251 | ▲ |
| 3.00% 20 May 2027 | 4.07 | 14 | ▲ | 246 | ▲ |
| 3.00% 20 March 2028 | 4.17 | 15 | ▲ | 245 | ▲ |
| 3.00% 20 April 2029 | 4.29 | 16 | ▲ | 248 | ▲ |
| 3.00% 20 February 2030 | 4.38 | 17 | ▲ | 251 | ▲ |
| 2.00% 20 March 2031 | 4.53 | 17 | ▲ | 258 | ▲ |
| 1.50% 20 February 2032 | 4.63 | 17 | ▲ | 262 | ▲ |
| 2.00% 8 March 2033 | 4.71 | 17 | ▲ | 261 | ▲ |
| 3.50% 20 March 2034 | 4.80 | 19 | ▲ | 265 | ▲ |
| 2.75% 20 November 2025 CIB | 1.00 | 26 | ▲ | 203 | ▲ |
| 2.50% 20 November 2035 CIB | 2.49 | 19 | ▲ | 246 | ▲ |
| 10-year NSW TCorp Bond Yield | 4.64 | 18 | ▲ | 267 | ▲ |
| 10-year TCV (Victoria) Spread | 0.00 | 2 | ▲ | -4 | ▼ |
| 10-year QTC (Queensland) Spread | -0.08 | 0 | ▲ | -9 | ▼ |
| Equities | Close | 1 Week | | YTD | |
| S&P/ASX 200 (Australia) | 6,759 | -0.1% | ▼ | -9.2% | ▼ |
| S&P 500 (US) | 3,583 | -1.6% | ▼ | -24.8% | ▼ |
| FTSE 100 (UK) | 6,859 | -1.9% | ▼ | -7.1% | ▼ |
| DJ Stoxx 600 (Europe) | 391 | -0.1% | ▼ | -19.8% | ▼ |
| Nikkei 225 (Japan) | 27,091 | -0.1% | ▼ | -5.9% | ▼ |
| Shanghai Composite (China) | 3,072 | 1.6% | ▲ | -15.6% | ▼ |
| Currencies | Close | 1 Week | | YTD | |
| AUD/USD | 0.620 | -2.8% | ▼ | -14.6% | ▼ |
| EUR/USD | 0.972 | -0.2% | ▼ | -14.5% | ▼ |
| USD/JPY | 148.67 | 2.4% | ▲ | 29.2% | ▲ |
| GBP/USD | 1.12 | 0.8% | ▲ | -17.4% | ▼ |
| US\$ Index | 113.31 | 0.5% | ▲ | 18.4% | ▲ |
| Commodities | Close | 1 Week | | YTD | |
| Brent Oil (US\$/bbl) | 91.63 | -6.4% | ▼ | 17.8% | ▲ |
| Iron Ore (US\$/t) | 95.77 | 0.2% | ▲ | -14.9% | ▼ |
| Coking Coal (US\$/t) | 2,741.50 | 0.0% | – | 33.5% | ▲ |
| Gold (US\$/oz) | 1,644.47 | -3.0% | ▼ | -10.1% | ▼ |

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