

## Financial markets charts

### The week that was

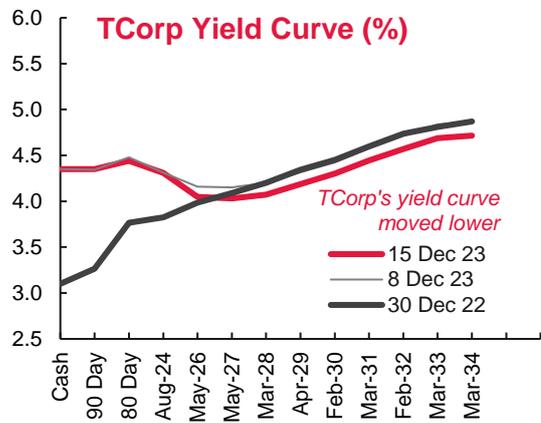
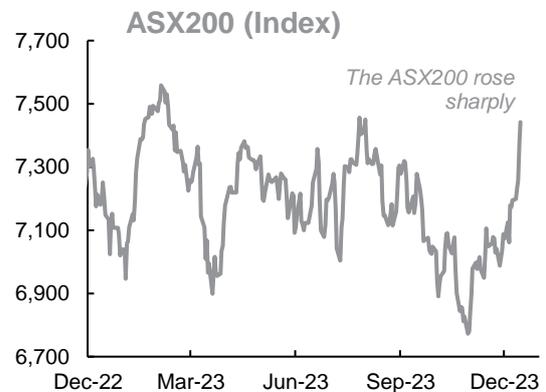
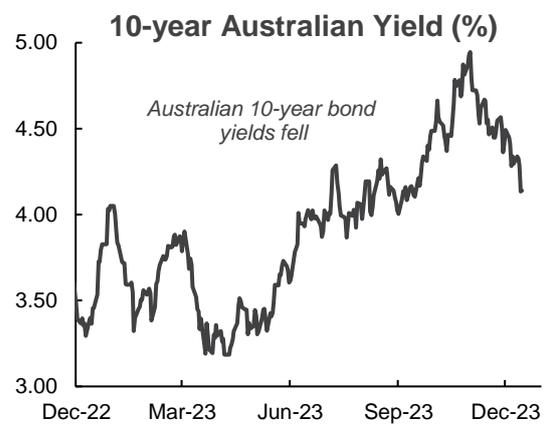
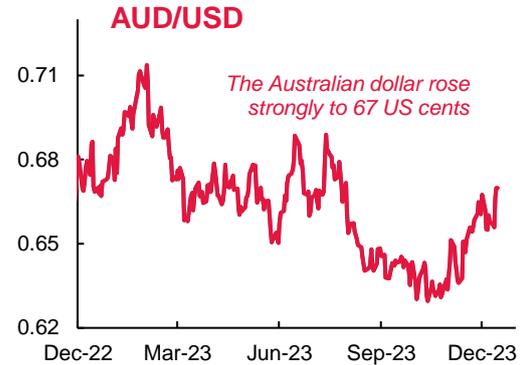
- The US Federal Reserve (Fed) held rates steady last week but discussed the prospect of rate cuts in 2024 and 2025 for the first time in this tightening cycle. This shift saw US bond yields fall sharply and equities rally; 2-year and 10-year yields ended the week 28bps and 31bps lower, respectively, and the S&P500 gained 2.5%. Although Fed members expect to cut rates by 75bps by the end of 2024, investors anticipate considerably more easing (almost 150bps).
- In contrast to the Fed's more dovish tone, central bankers in Europe and the UK retained a tightening bias and have pushed back against investors' expectations of sizeable rate cuts for next year.
- In Australia, labour market conditions have continued to loosen. Despite a stronger-than-expected rise in employment in November, the unemployment rate has continued to trend higher and total hours worked have fallen in recent months. Consumer sentiment and business confidence also remain weak. Australian 10-year bond yields fell by 16bps and the ASX200 rose 3.4%.

### Economic calendar

<b>Monday</b> 18/12	US: Building permits, Nov GE: IFO Business climate, Dec
<b>Tuesday</b> 19/12	JN: Bank of Japan policy decision AU: RBA Board minutes, Nov EC: CPI, Nov (final) US: Housing starts, Nov CA: CPI, Nov
<b>Wednesday</b> 20/12	US: Existing home sales, Nov UK: CPI, Nov
<b>Thursday</b> 21/12	US: GDP, Sep qtr (third)
<b>Friday</b> 22/12	US: Core PCE deflator, Nov AU: Private sector credit, Nov JN: National CPI, Nov

### The week ahead

- The key data release is the Fed's preferred inflation gauge, the core Personal Consumption Expenditure (PCE) deflator. Investors will be watching for confirmation that inflationary pressures continue to recede. Inflation data in the UK, Canada, Japan, and Europe will also be released.
- The Bank of Japan (BoJ) is expected to keep rates on hold at its meeting this week, but there has been heightened speculation about when the BoJ might raise rates and end its negative interest rate policy.
- A raft of US housing market data will also receive attention, with activity in the established housing market weaker than for new housing.
- The minutes from the Reserve Bank of Australia Board's December meeting will be released but are not expected to contain much new information.



## Financial markets data: Week ending 15 December 2023

INTEREST RATES	CLOSE (%)	1 WEEK (BPS)		YTD (BPS)	
RBA Cash Rate	4.35	0	–	125	▲
90-day BBSW	4.35	1	▲	109	▲
3-year Australian Bond Yield	3.78	-12	▼	28	▲
10-year Australian Bond Yield	4.14	-16	▼	9	▲
20-year Australian Bond Yield	4.43	-15	▼	5	▲
10-year Australian Break-Even Inflation	2.54	7	▲	8	▲
10-year Australian Real Yield	1.60	-23	▼	1	▲
Fed Funds Rate (lower bound)	5.25	0	–	100	▲
2-year US Treasury Yield	4.44	-28	▼	2	▲
10-year US Treasury Yield	3.91	-31	▼	4	▲
30-year US Treasury Yield	4.01	-30	▼	4	▲
10-year German Bund Yield	2.02	-26	▼	-56	▼
<b>NSW TCorp Bonds</b>	<b>Close (%)</b>	<b>1 Week (bps)</b>		<b>YTD (bps)</b>	
1.00% 8 February 2024	4.34	6	▲	60	▲
5.00% 20 August 2024	4.31	0	▼	48	▲
1.25% 20 March 2025	4.15	-9	▼	30	▲
4.00% 20 May 2026	4.05	-11	▼	7	▲
3.00% 20 May 2027	4.03	-12	▼	-6	▼
3.00% 20 March 2028	4.07	-13	▼	-13	▼
3.00% 20 April 2029	4.19	-13	▼	-16	▼
3.00% 20 February 2030	4.30	-12	▼	-15	▼
2.00% 20 March 2031	4.44	-13	▼	-15	▼
1.50% 20 February 2032	4.57	-14	▼	-17	▼
2.00% 8 March 2033	4.69	-15	▼	-12	▼
3.50% 20 March 2034	4.72	-15	▼	-15	▼
2.75% 20 November 2025 CIB	1.20	-23	▼	39	▲
2.50% 20 November 2035 CIB	2.28	-21	▼	-16	▼
10-year NSW TCorp Bond Yield	4.72	-14	▼	-4	▼
10-year TCV (Victoria) Spread	0.10	2	▲	6	▲
10-year QTC (Queensland) Spread	-0.08	-1	▼	-2	▼
<b>Equities</b>	<b>Close</b>	<b>1 Week</b>		<b>YTD</b>	
S&P/ASX200 (Australia)	7,443	3.4%	▲	5.7%	▲
S&P500 (US)	4,719	2.5%	▲	22.9%	▲
FTSE 100 (UK)	7,576	0.3%	▲	1.7%	▲
DJ Stoxx600 (Europe)	477	0.9%	▲	12.2%	▲
Nikkei 225 (Japan)	32,971	2.1%	▲	26.4%	▲
Shanghai Composite (China)	2,943	-0.9%	▼	-4.7%	▼
<b>Currencies</b>	<b>Close</b>	<b>1 Week</b>		<b>YTD</b>	
AUD/USD	0.670	1.8%	▲	-1.7%	▼
EUR/USD	1.090	1.2%	▲	1.8%	▲
USD/JPY	142.15	-1.9%	▼	8.4%	▲
GBP/USD	1.27	1.1%	▲	4.9%	▲
US\$ Index	102.55	-1.4%	▼	-0.9%	▼
<b>Commodities</b>	<b>Close</b>	<b>1 Week</b>		<b>YTD</b>	
Brent Oil (US\$/bbl)	76.55	0.9%	▲	-10.9%	▼
Iron Ore (US\$/t)	135.24	-0.7%	▼	21.5%	▲
Coking Coal (US\$/t)	278.17	-13.7%	▼	-22.8%	▼
Gold (US\$/oz)	2,019.62	0.7%	▲	10.7%	▲

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