

Weekly economic report

18 September 2023

Financial markets charts

The week that was

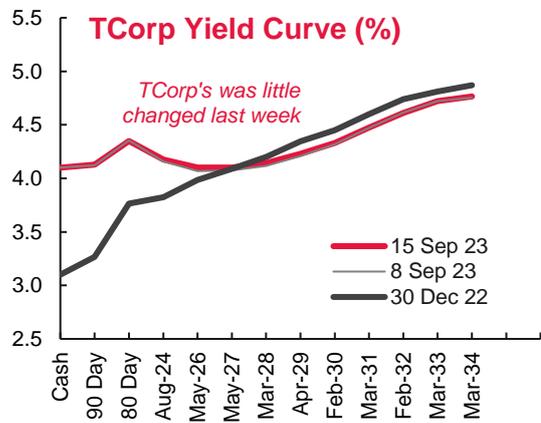
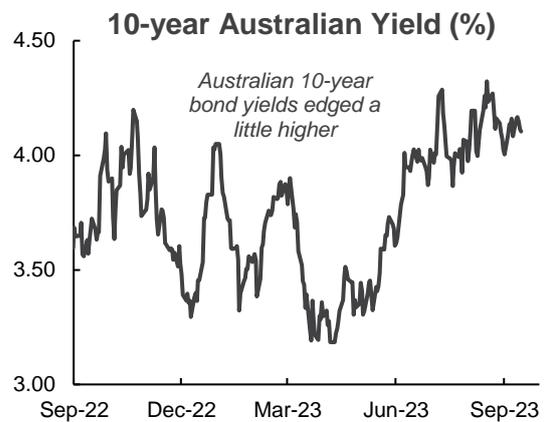
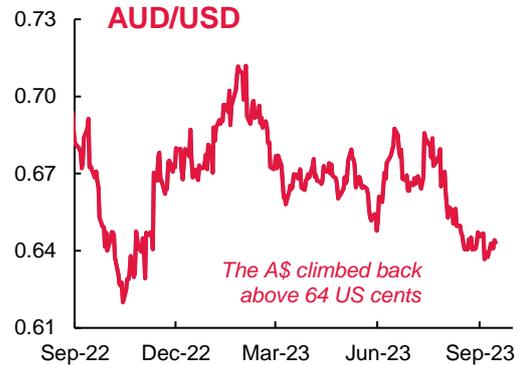
- In Australia, employment rose by a strong 65,000 in August while the unemployment rate was steady at 3.7%. Although the labour market remains tight, there are signs of a gradual loosening.
- Consumer sentiment in Australia remains very weak amid ongoing pressure on household finances. In contrast, surveyed business conditions remain resilient despite persistent cost pressures.
- Consistent with the generally positive tone of the data released last week, the Australian equity market gained 1.7% while bond yields edged modestly higher.
- European equities also performed well, gaining 1.6%. While the European Central Bank raised its policy rate by 25bps last week, they also hinted that rates may now be on hold.
- In the US, core consumer price inflation was 0.3% in July, slightly stronger than expected, to be 4.3% higher over the year. The recent rise in oil prices (which increased another 3.6% last week) is now boosting inflation once again. US 10-year yields rose 7bps and the S&P500 fell 0.2%.

Economic calendar

Monday 18/09	
Tuesday 19/09	AU: RBA Board Minutes, Sep US: Building permits, Aug. EC: CPI, Aug (final) CA: CPI, Aug
Wednesday 20/09	UK: CPI, Aug
Thursday 21/09	US: FOMC policy decision UK: Bank of England policy decision NZ: GDP, Jun qtr
Friday 22/09	JN: Bank of Japan policy decision; National CPI, Aug Global: PMIs, Sep (prelim) US: Existing home sales, Aug

The week ahead

- Investor focus will be on central bank policy decisions, with central banks in the US, UK, Japan, Switzerland, and Sweden all meeting next week. Minutes of the Reserve Bank of Australia's September Board meeting will also be closely read for insights into the outlook for monetary policy.
- Inflation data in several countries will show whether, and how quickly, price pressures have continued to recede. Preliminary PMI data for September will show if global economic activity has slowed further.
- In Australia, the NSW Budget for 2023-24 will be released on Tuesday.



Financial markets data: Week ending 15 September 2023

INTEREST RATES	CLOSE (%)	1 WEEK (BPS)		YTD (BPS)	
RBA Cash Rate	4.10	0	–	100	▲
90-day BBSW	4.13	1	▲	86	▲
3-year Australian Bond Yield	3.83	5	▲	33	▲
10-year Australian Bond Yield	4.10	2	▲	5	▲
20-year Australian Bond Yield	4.41	1	▲	4	▲
10-year Australian Break-Even Inflation	2.52	0	▼	6	▲
10-year Australian Real Yield	1.58	2	▲	-1	▼
Fed Funds Rate (lower bound)	5.25	0	–	100	▲
2-year US Treasury Yield	5.03	4	▲	61	▲
10-year US Treasury Yield	4.33	7	▲	46	▲
30-year US Treasury Yield	4.42	8	▲	45	▲
10-year German Bund Yield	2.68	6	▲	10	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
1.00% 8 February 2024	4.16	1	▲	42	▲
5.00% 20 August 2024	4.17	2	▲	35	▲
1.25% 20 March 2025	4.18	2	▲	33	▲
4.00% 20 May 2026	4.10	3	▲	12	▲
3.00% 20 May 2027	4.10	3	▲	1	▲
3.00% 20 March 2028	4.14	2	▲	-6	▼
3.00% 20 April 2029	4.23	2	▲	-12	▼
3.00% 20 February 2030	4.33	1	▲	-12	▼
2.00% 20 March 2031	4.47	0	▲	-12	▼
1.50% 20 February 2032	4.61	0	▼	-13	▼
2.00% 8 March 2033	4.72	0	▼	-9	▼
3.50% 20 March 2034	4.77	1	▲	-11	▼
2.75% 20 November 2025 CIB	1.26	3	▲	45	▲
2.50% 20 November 2035 CIB	2.29	2	▲	-15	▼
10-year NSW TCorp Bond Yield	4.73	0	▲	-3	▼
10-year TCV (Victoria) Spread	0.02	0	▲	-3	▼
10-year QTC (Queensland) Spread	-0.08	1	▲	-2	▼
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	7,279	1.7%	▲	3.4%	▲
S&P500 (US)	4,450	-0.2%	▼	15.9%	▲
FTSE 100 (UK)	7,711	3.1%	▲	3.5%	▲
DJ Stoxx600 (Europe)	462	1.6%	▲	8.7%	▲
Nikkei 225 (Japan)	33,533	2.8%	▲	28.5%	▲
Shanghai Composite (China)	3,118	0.0%	▲	0.9%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.643	0.9%	▲	-5.6%	▼
EUR/USD	1.066	-0.4%	▼	-0.4%	▼
USD/JPY	147.85	0.0%	▲	12.8%	▲
GBP/USD	1.24	-0.7%	▼	2.5%	▲
US\$ Index	105.32	0.2%	▲	1.7%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	93.93	3.6%	▲	9.3%	▲
Iron Ore (US\$/t)	123.37	6.0%	▲	10.9%	▲
Coking Coal (US\$/t)	239.72	5.0%	▲	-33.5%	▼
Gold (US\$/oz)	1,923.91	0.3%	▲	5.5%	▲

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