

Weekly Economic Report

19 April 2022

The week that was

- With hawkish signals continuing from major central banks, investors were accordingly fixated on inflation readings released during the week. For markets, this narrative outstripped signs of deteriorating economic activity in China, amid widespread lockdowns, and the Ukraine crisis.
- The March US CPI report showed headline consumer inflation rose 8.5% year-on-year, the fastest pace since 1981. Core price pressures were also running at 6.5% year-on-year. The headline result was driven by energy and food while some one-off categories, like used cars, moderated, hinting at a peak in CPI.
- At April policy meetings, central banks in Canada and New Zealand increased benchmark interest rates by 50bps, emphasising the need to bring tightening forward to get on top of high inflation.
- US 10-year yields increased 13bps to 2.83%, while 2-year yields fell 6bps, to 2.45%, resulting in a steeper yield curve. The German 10-year yield was up 14bps to 0.84% and Australian 10-year yields nudged 1bp higher, to 2.97%. TCorp's 10-year yield eased 1bp, to 3.30%.
- Equities took a weaker tone on rate hike expectations and slowing growth prospects. The US S&P500 fell 2.1%, the Shanghai Composite fell 1.2%, Europe's Stoxx600 was down 0.2% and the UK FTSE100 dropped 0.7%. The ASX200 defied the trend with a 0.6% gain, supported by higher commodity prices. The Australian dollar continued to soften, down 0.8% to US\$0.74.

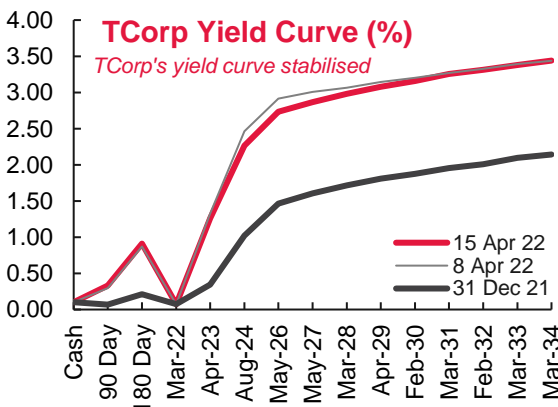
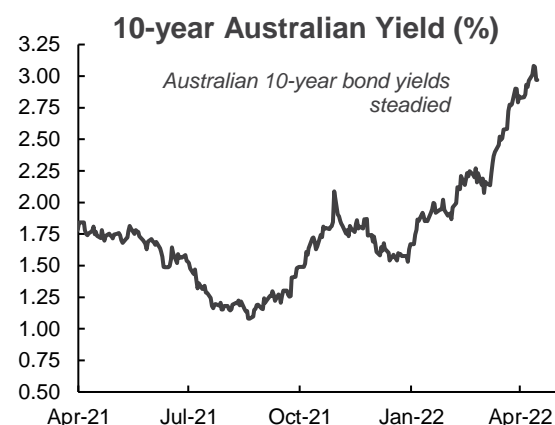
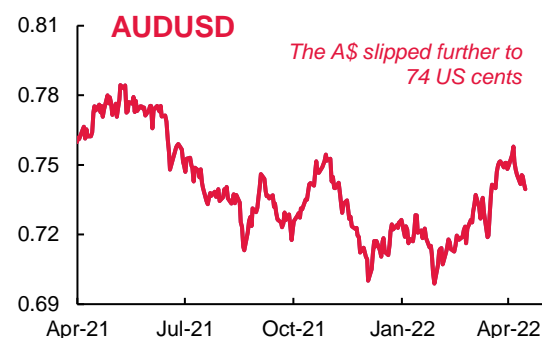
Economic calendar

Tuesday 19/04	AU: RBA meeting minutes, Apr US: Building permits, Mar, Housing starts, Mar
Wednesday 20/04	AU: Westpac leading index, Mar CH: Prime rate decision, Apr
Thursday 21/04	US: Existing home sales, Mar, Federal Reserve Beige Book, Apr
Friday 22/04	AU: S&P PMIs, Apr (prelim) US, EU: Federal Reserve President Powell and ECB President Lagarde speak on IMF Panel, US: S&P PMIs, Apr (prelim)

The week ahead

- A slower data week, with preliminary PMI surveys, including for Australia and the US, expected to be notable.
- Meeting minutes from the Reserve Bank of Australia and speeches from the US Federal Reserve and European Central Bank presidents will be closely watched for inflation and growth outlooks.

Financial markets charts



Financial markets data: Week ending 15 April 2022

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.10	0	—	0	—
90-day BBSW	0.33	3	▲	26	▲
3-year Australian Bond Yield	2.37	-17	▼	146	▲
10-year Australian Bond Yield	2.97	1	▲	130	▲
20-year Australian Bond Yield	3.33	8	▲	106	▲
10-year Australian Break-Even Inflation	2.46	-1	▼	19	▲
10-year Australian Real Yield	0.51	2	▲	111	▲
Fed Funds Rate (lower bound)	0.25	0	—	25	▲
2-year US Treasury Yield	2.45	-6	▼	172	▲
10-year US Treasury Yield	2.83	13	▲	132	▲
30-year US Treasury Yield	2.91	20	▲	101	▲
10-year German Bund Yield	0.84	14	▲	102	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 20 April 2023	1.26	-7	▼	91	▲
1.00% 8 February 2024	2.05	-18	▼	122	▲
5.00% 20 August 2024	2.26	-20	▼	124	▲
1.25% 20 March 2025	2.50	-17	▼	128	▲
4.00% 20 May 2026	2.73	-18	▼	127	▲
3.00% 20 May 2027	2.87	-14	▼	126	▲
3.00% 20 March 2028	2.98	-8	▼	127	▲
3.00% 20 April 2029	3.08	-6	▼	127	▲
3.00% 20 February 2030	3.16	-4	▼	128	▲
2.00% 20 March 2031	3.26	-1	▼	131	▲
1.50% 20 February 2032	3.31	-2	▼	130	▲
2.00% 8 March 2033	3.38	-1	▼	128	▲
3.50% 20 March 2034	3.44	0	▲	130	▲
2.75% 20 November 2025 CIB	-0.31	-15	▼	73	▲
2.50% 20 November 2035 CIB	1.06	2	▲	103	▲
10-year NSW TCorp Bond Yield	3.30	-1	▼	132	▲
10-year TCV (Victoria) Spread	0.03	0	▲	-1	▼
10-year QTC (Queensland) Spread	-0.01	0	▲	-2	▼
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	7,523	0.6%	▲	1.1%	▲
S&P500 (US)	4,393	-2.1%	▼	-7.8%	▼
FTSE100 (UK)	7,616	-0.7%	▼	3.1%	▲
DJ Stoxx600 (Europe)	460	-0.2%	▼	-5.7%	▼
Nikkei 225 (Japan)	27,093	0.4%	▲	-5.9%	▼
Shanghai Composite (China)	3,211	-1.2%	▼	-11.8%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.740	-0.8%	▼	1.8%	▲
EUR/USD	1.081	-0.6%	▼	-4.9%	▼
USD/JPY	126.46	1.7%	▲	9.9%	▲
GBP/USD	1.31	0.3%	▲	-3.5%	▼
US\$ Index	100.50	0.7%	▲	5.0%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	111.70	8.7%	▲	43.6%	▲
Iron Ore (US\$/t)	158.40	2.1%	▲	30.8%	▲
Coking Coal (US\$/t)	3,265.00	1.4%	▲	59.0%	▲
Gold (US\$/oz)	1,978.24	1.6%	▲	8.1%	▲

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