

# Weekly Economic Report

19 August 2024

## Financial markets charts

### The week that was

- Global equity markets rose strongly last week, with the US S&P500 gaining 3.9%, recovering the losses from earlier this month. US equities were boosted by data that showed inflation continuing to fall, which reinforced expectations the US Federal Reserve (Fed) will start its easing cycle in September. Equity markets also rose after stronger-than-expected retail sales data allayed concerns of an imminent downturn in the US economy. US 10-year bond yields ended the week 6bps lower, at almost 3.9%, back to where they were at the start of this year.
- The ASX200 gained 2.5%, with banks continuing to perform strongly. In contrast, mining stocks fell further amid ongoing concerns about China's weak economy and future steel demand. This led to further falls in iron ore and coking coal prices, which are key steel-making commodities.
- Locally, wages growth continued to slow in the June quarter, consistent with the gradual loosening labour market. The unemployment rate ticked up to 4.2% in July, as the increase in labour supply – largely driven by strong population growth – continues to outpace employment. Business surveys are pointing to a further rise in the unemployment rate, as well as weaker economic activity and falling inflation.
- The Reserve Bank of New Zealand cut rates for the first time in this cycle and has signalled further rate cuts at upcoming meetings.

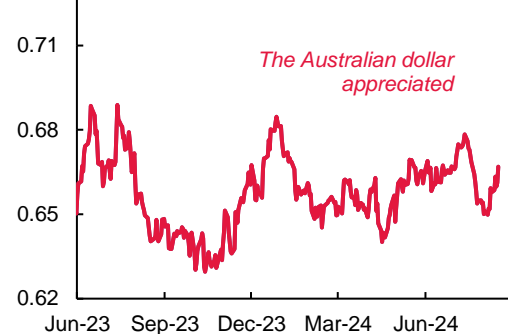
### Economic calendar

<b>Monday</b> <b>19/08</b>	Sweden: Central bank decision
<b>Tuesday</b> <b>20/08</b>	AU: RBA Board minutes, Aug EC: CPI, Jul (final) CA: CPI, Jul (final)
<b>Wednesday</b> <b>21/08</b>	US: Federal Reserve meeting minutes, Jul
<b>Thursday</b> <b>22/08</b>	US: Jackson Hole Economic Symposium commences Global: PMIs, Aug (preliminary)
<b>Friday</b> <b>23/08</b>	JP: CPI, Jul

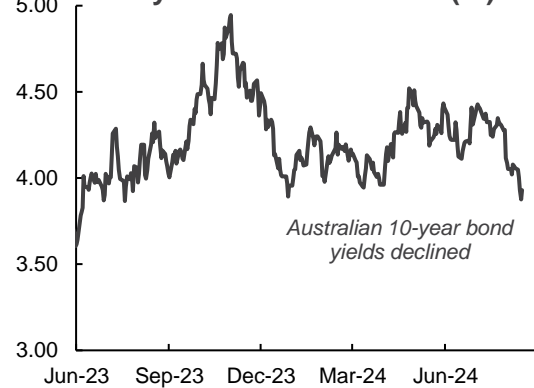
### The week ahead

- This week will be a much quieter week. In the US, the minutes from the Fed's July policy meeting will be released. Investors will focus on a speech by Fed Chair Jerome Powell at the annual Economic Policy Symposium in Jackson Hole, hoping for confirmation of a rate cut in September.
- Minutes from the Reserve Bank of Australia's (RBA) August meeting will also be released, providing insights into the Board's current thinking. RBA communication since the meeting has been hawkish, with the RBA Governor repeatedly indicating that a rate cut this year is unlikely.

#### AUD/USD



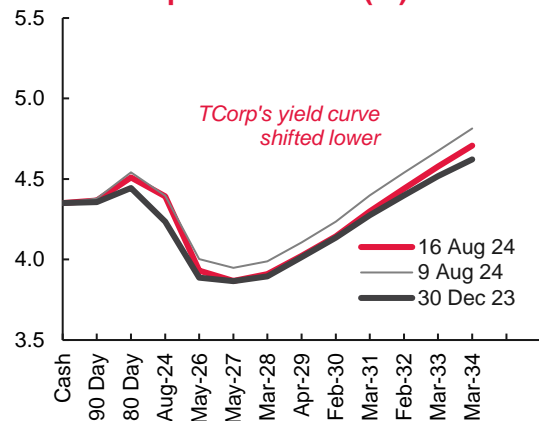
#### 10-year Australian Yield (%)



#### ASX200 (Index)



#### TCorp Yield Curve (%)



## Financial markets data: Week ending 16 August 2024

INTEREST RATES	CLOSE (%)	1 WEEK (BPS)		YTD (BPS)	
RBA Cash Rate	4.35	0	—	0	—
90-day BBSW	4.37	-1	▼	1	▲
3-year Australian Bond Yield	3.57	-9	▼	-4	▼
10-year Australian Bond Yield	3.93	-13	▼	-3	▼
20-year Australian Bond Yield	4.41	-13	▼	16	▲
10-year Australian Break-Even Inflation	2.32	-4	▼	-25	▼
10-year Australian Real Yield	1.61	-8	▼	23	▲
Fed Funds Rate (lower bound)	5.25	0	—	0	—
2-year US Treasury Yield	4.05	0	▼	-20	▼
10-year US Treasury Yield	3.88	-6	▼	0	▲
30-year US Treasury Yield	4.14	-8	▼	11	▲
10-year German Bund Yield	2.25	2	▲	22	▲
<b>NSW TCorp Bonds</b>	<b>Close (%)</b>	<b>1 Week (bps)</b>		<b>YTD (bps)</b>	
5.00% 20 August 2024	4.39	0	▼	16	▲
1.25% 20 March 2025	4.19	0	▼	15	▲
4.00% 20 May 2026	3.93	-7	▼	4	▲
3.00% 20 May 2027	3.87	-8	▼	0	▲
3.00% 20 March 2028	3.91	-8	▼	1	▲
3.00% 20 April 2029	4.02	-8	▼	1	▲
3.00% 20 February 2030	4.14	-9	▼	1	▲
2.00% 20 March 2031	4.30	-10	▼	2	▲
1.50% 20 February 2032	4.44	-10	▼	4	▲
2.00% 8 March 2033	4.58	-10	▼	6	▲
1.75% 20 March 2034	4.71	-11	▼	9	▲
2.75% 20 November 2025 CIB	1.56	-43	▼	49	▲
2.50% 20 November 2035 CIB	2.28	-9	▼	21	▲
10-year NSW TCorp Bond Yield	4.71	-10	▼	15	▲
10-year TCV (Victoria) Spread	0.07	0	▲	-4	▼
10-year QTC (Queensland) Spread	0.01	0	▼	9	▲
<b>Equities</b>	<b>Close</b>	<b>1 Week</b>		<b>YTD</b>	
S&P/ASX200 (Australia)	7,971	2.5%	▲	5.0%	▲
S&P500 (US)	5,554	3.9%	▲	16.4%	▲
FTSE 100 (UK)	8,311	1.8%	▲	7.5%	▲
DJ Stoxx600 (Europe)	511	2.5%	▲	6.8%	▲
Nikkei 225 (Japan)	38,063	8.7%	▲	13.7%	▲
Shanghai Composite (China)	2,879	0.6%	▲	-3.2%	▼
<b>Currencies</b>	<b>Close</b>	<b>1 Week</b>		<b>YTD</b>	
AUD/USD	0.667	1.4%	▲	-2.1%	▼
EUR/USD	1.103	1.0%	▲	-0.1%	▼
USD/JPY	147.63	0.7%	▲	4.7%	▲
GBP/USD	1.29	1.4%	▲	1.7%	▲
US\$ Index	102.46	-0.7%	▼	1.1%	▲
<b>Commodities</b>	<b>Close</b>	<b>1 Week</b>		<b>YTD</b>	
Brent Oil (US\$/bbl)	79.68	0.0%	▲	3.4%	▲
Iron Ore (US\$/t)	95.55	-5.9%	▼	-29.9%	▼
Coking Coal (US\$/t)	190.28	-14.8%	▼	-31.0%	▼
Gold (US\$/oz)	2,508.01	3.2%	▲	21.6%	▲

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