

Financial markets charts

The week that was

- US consumer price inflation was slightly higher than expected in January, resulting in a sharp rise in US bond yields and large fall in US equities. While there are good reasons to think that inflation will continue to fall towards target, the strength in some services prices underpins the US Federal Reserve's (Fed) cautious approach to rate cuts. Investors have also continued to push back the expected timing of the first rate cut (to June) and now expect 4 rate cuts this year. US 10-year bond yields ended the week 10bps higher. The S&P500 fell by 0.4%, with the post-CPI decline mostly reversed later in the week by much softer-than-expected retail sales data for January.
- In Australia, labour market data provided further evidence of a gradual loosening in conditions. Looking at monthly volatility, total hours worked have trended lower, employment growth has slowed, and the unemployment rate has climbed. Australian bond yields fell in response, partly reversing the rise in yields that followed the stronger US inflation data, with 10-year yields ending the week 7bps higher. The ASX200 rose by 0.2%, driven by offshore developments and Australian corporate earnings reports. The Australian dollar was little changed.
- Data released this week confirmed that the UK continues to face recessionary economic conditions, a tight labour market, and elevated wages growth and inflation relative to many other advanced economies.

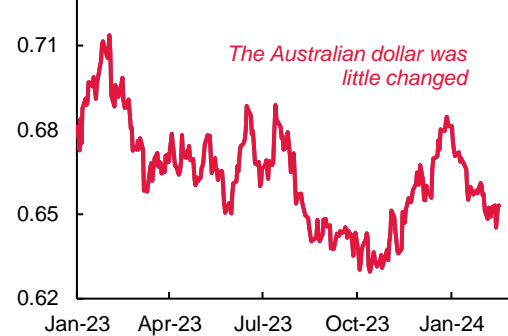
Economic calendar

Monday 19/02	
Tuesday 20/02	AU: RBA Board minutes, Feb CA: CPI, Jan
Wednesday 21/02	AU: Wage Price Index, Dec qtr US: FOMC meeting minutes, Jan
Thursday 22/02	Global: PMIs, Feb (prelim) US: Existing home sales, Jan EC: CPI, Jan (final)
Friday 23/02	GE: GDP, Dec qtr (final); IFO Business Climate, Feb

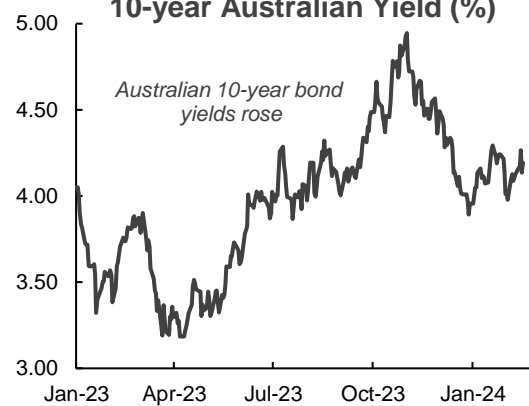
The week ahead

- Locally, the focus will be on wages data for the December quarter 2023. A slowing in wages growth is key for the Reserve Bank of Australia (RBA) to have confidence that inflation will return sustainably to its 2-3% target range. Minutes from the RBA Board's February meeting will also be released and provide more colour on the Board's assessment of risks at the current juncture.
- Investors will pay attention to the minutes of the Fed's January meeting for insights into when it might start cutting rates. Preliminary PMIs will also provide timely reads of economic activity globally.
- Corporate earnings reporting continues this week.

AUD/USD



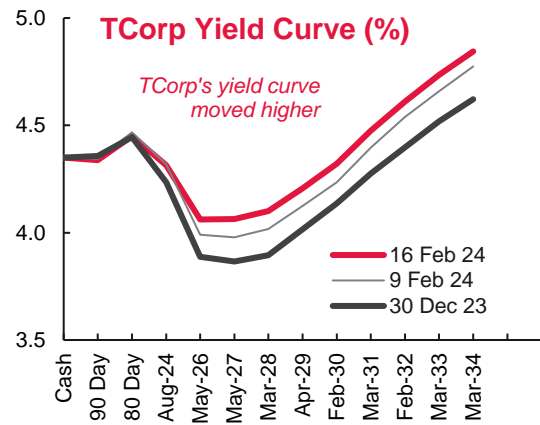
10-year Australian Yield (%)



ASX200 (Index)



TCorp Yield Curve (%)



Financial markets data: Week ending 16 February 2024

INTEREST RATES	CLOSE (%)	1 WEEK (BPS)		YTD (BPS)	
RBA Cash Rate	4.35	0	—	0	—
90-day BBSW	4.34	-1	▼	-2	▼
3-year Australian Bond Yield	3.78	8	▲	17	▲
10-year Australian Bond Yield	4.19	7	▲	24	▲
20-year Australian Bond Yield	4.49	6	▲	24	▲
10-year Australian Break-Even Inflation	2.52	-2	▼	-6	▼
10-year Australian Real Yield	1.68	8	▲	30	▲
Fed Funds Rate (lower bound)	5.25	0	—	0	—
2-year US Treasury Yield	4.64	16	▲	39	▲
10-year US Treasury Yield	4.28	10	▲	40	▲
30-year US Treasury Yield	4.44	6	▲	41	▲
10-year German Bund Yield	2.40	2	▲	38	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
1.00% 8 February 2024	4.29	0	—	-2	▼
5.00% 20 August 2024	4.31	0	▼	8	▲
1.25% 20 March 2025	4.18	3	▲	15	▲
4.00% 20 May 2026	4.06	7	▲	17	▲
3.00% 20 May 2027	4.06	8	▲	20	▲
3.00% 20 March 2028	4.10	8	▲	21	▲
3.00% 20 April 2029	4.21	8	▲	19	▲
3.00% 20 February 2030	4.32	9	▲	19	▲
2.00% 20 March 2031	4.47	8	▲	20	▲
1.50% 20 February 2032	4.61	7	▲	21	▲
2.00% 8 March 2033	4.73	8	▲	22	▲
1.75% 20 March 2034	4.84	7	▲	22	▲
2.75% 20 November 2025 CIB	1.37	7	▲	31	▲
2.50% 20 November 2035 CIB	2.35	9	▲	28	▲
10-year NSW TCorp Bond Yield	4.78	7	▲	23	▲
10-year TCV (Victoria) Spread	0.08	0	▲	-3	▼
10-year QTC (Queensland) Spread	-0.05	3	▲	3	▲
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	7,658	0.2%	▲	0.9%	▲
S&P500 (US)	5,006	-0.4%	▼	4.9%	▲
FTSE 100 (UK)	7,712	1.8%	▲	-0.3%	▼
DJ Stoxx600 (Europe)	492	1.4%	▲	2.6%	▲
Nikkei 225 (Japan)	38,487	4.3%	▲	15.0%	▲
Shanghai Composite (China)	2,866	0.0%	—	-3.7%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.653	0.1%	▲	-4.1%	▼
EUR/USD	1.078	-0.1%	▼	-2.4%	▼
USD/JPY	150.21	0.6%	▲	6.5%	▲
GBP/USD	1.26	-0.2%	▼	-1.0%	▼
US\$ Index	104.28	0.2%	▲	2.9%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	83.47	1.6%	▲	8.3%	▲
Iron Ore (US\$/t)	130.36	1.8%	▲	-4.4%	▼
Coking Coal (US\$/t)	249.56	0.0%	—	-9.5%	▼
Gold (US\$/oz)	2,013.59	-0.5%	▼	-2.4%	▼

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