

Weekly Economic Report

19 July 2021

The week that was

- Equity markets had a mixed performance last week while there were broad-based declines in bond yields. Investors continued to grapple with concerns around the spread of the COVID-19 Delta variant, alongside continued monetary policy support and ongoing strength in activity and inflation data.
- In Australia, strong June employment and rising consumer optimism in July, pointed to a firm base for activity, though business confidence weakened ahead of new COVID-19 restrictions in NSW.
- Overseas, elevated US inflation, rising retail sales and solid industrial production pointed to sound US activity as the economy re-opens. China's June economic releases pointed to a moderating pace of recovery.
- US 10-year bond yields fell by 7bps to 1.29% over the week, German 10-year yields fell 6bps to -0.35%, while Australian 10-year bond yields fell 8bps to 1.28%. TCorp's 10-year yield fell 7bps to 1.58%.
- In a near-reversal of the prior week, equity markets in the US, UK and Europe ended the week lower, while the Australian ASX200, China's Shanghai Composite and the Japanese Nikkei 225 all nudged higher.
- The A\$ dropped 1.2% last week, to close at US\$0.74. This is the lowest level since early December 2020.

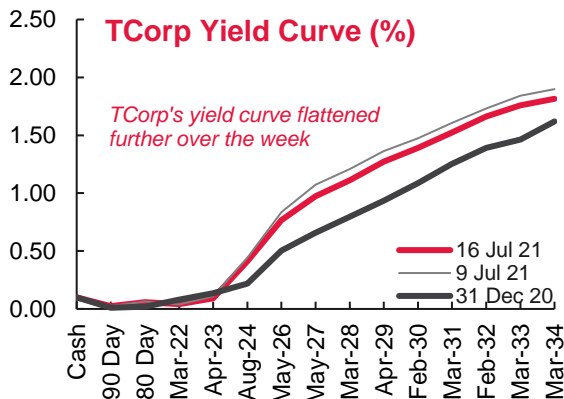
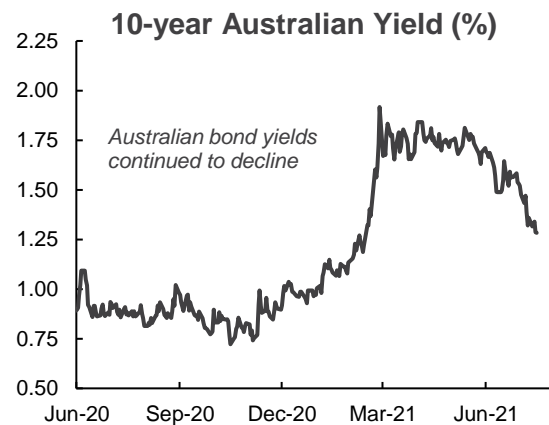
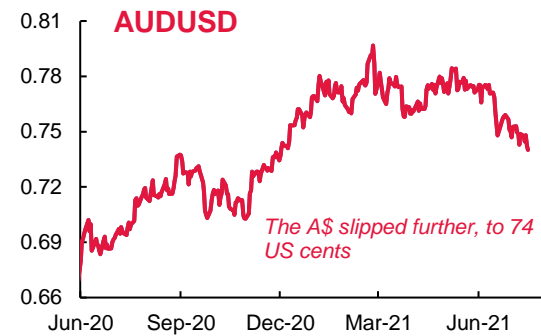
Economic calendar

Monday 19/7	US: NAHB housing index
Tuesday 20/7	AU: RBA Meeting Minutes, Jul US: Housing Starts, Jun, Building Permits, Jun
Wednesday 21/7	AU: Retail Sales, Jun (prelim)
Thursday 22/7	AU: NAB Business Confidence, Jun Qtr, Merchandise Trade, June (prelim) EU: European Central Bank Policy Decision, Jul
Friday 23/7	US: Existing Home Sales, Jun Global: Purchasing Manager's Indexes

The week ahead

- Central Bank announcements will be a key focus for the week. The Reserve Bank of Australia minutes will provide more detail on the decision to trim asset purchases, while the European Central Bank policy decision will be important, including new details following its strategy review.
- In Australia, retail sales and the NAB Business Confidence Survey will be notable data releases in what is generally a quiet week for economic data.

Financial markets charts



Financial markets data: Week ending 16 July 2021

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.10	0	—	0	—
90-day BBSW	0.02	0	▼	1	▲
3-year Australian Bond Yield	0.30	-5	▼	19	▲
10-year Australian Bond Yield	1.28	-8	▼	31	▲
20-year Australian Bond Yield	1.89	-9	▼	18	▲
10-year Australian Break-Even Inflation	2.09	9	▲	32	▲
10-year Australian Real Yield	-0.80	-17	▼	0	▼
Fed Funds Rate (lower bound)	0.00	0	—	0	—
2-year US Treasury Yield	0.22	1	▲	10	▲
10-year US Treasury Yield	1.29	-7	▼	38	▲
30-year US Treasury Yield	1.92	-7	▼	27	▲
10-year German Bund Yield	-0.35	-6	▼	22	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
6.00% 1 March 2022	0.04	0	▲	-4	▼
4.00% 20 April 2023	0.09	-1	▼	-4	▼
1.00% 8 February 2024	0.27	-1	▼	7	▲
5.00% 20 August 2024	0.41	-3	▼	19	▲
4.00% 20 May 2026	0.77	-7	▼	26	▲
3.00% 20 May 2027	0.97	-10	▼	31	▲
3.00% 20 March 2028	1.11	-10	▼	31	▲
3.00% 20 April 2029	1.27	-9	▼	34	▲
3.00% 20 February 2030	1.39	-8	▼	30	▲
2.00% 20 March 2031	1.52	-8	▼	27	▲
1.50% 20 February 2032	1.66	-7	▼	27	▲
2.00% 8 March 2033	1.76	-8	▼	29	▲
3.50% 20 March 2034	1.82	-8	▼	20	▲
2.75% 20 November 2025 CIB	-1.30	-16	▼	-19	▼
2.50% 20 November 2035 CIB	-0.09	-12	▼	1	▲
10-year NSW TCorp Bond Yield	1.58	-7	▼	34	▲
10-year TCV (Victoria) Spread	-0.03	-2	▼	-5	▼
10-year QTC (Queensland) Spread	-0.05	-1	▼	-1	▼
Equities	Close	1 Week		YTD	
S&P/ASX 200 (Australia)	7,348	1.0%	▲	11.6%	▲
S&P 500 (US)	4,327	-1.0%	▼	15.2%	▲
FTSE 100 (UK)	7,008	-1.6%	▼	8.5%	▲
DJ Stoxx 600 (Europe)	455	-0.6%	▼	14.0%	▲
Nikkei 225 (Japan)	28,003	0.2%	▲	2.0%	▲
Shanghai Composite (China)	3,539	0.4%	▲	1.9%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.740	-1.2%	▼	-3.8%	▼
EUR/USD	1.181	-0.6%	▼	-3.4%	▼
USD/JPY	110.07	-0.1%	▼	6.6%	▲
GBP/USD	1.38	-1.0%	▼	0.7%	▲
US\$ Index	92.69	0.6%	▲	3.1%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	73.59	-2.6%	▼	42.1%	▲
Iron Ore (US\$/t)	213.95	4.7%	▲	35.1%	▲
Coking Coal (US\$/t)	1,922.00	-0.5%	▼	28.1%	▲
Gold (US\$/oz)	1,812.05	0.2%	▲	-4.5%	▼

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