

The week that was

- High inflation readings mean aggressive rate hike expectations continue to drive markets. The risk-off tone is further prompted by a weakening China outlook, the protracted Ukraine crisis and mixed US corporate earnings.
- US economic activity fell by 1.4% in the March quarter with exports and government spending the key drags. Yet, importantly, household spending rose at an annualised rate of 2.7%.
- Australian inflation was higher than expected in the March quarter. The overall rate rose to 5.1%, while underlying inflation increased to 3.7%. Energy, food and housing costs were the main drivers.
- Bond yields were relatively steady, as the growth outlook softened. US 10-year yields increased 3bps to 2.93%. The German 10-year yield fell 3bps to 0.94% and Australian 10-year yields were flat at 3.13%. TCorp's 10-year yield rose 2bps, to 3.51%.
- Equities continued to fall. The US S&P500 lost 3.1%, the European Stoxx600 was down 0.6% and the ASX200 was down 0.5%.
- The Australian dollar plunged 2.5%, to US\$0.706.

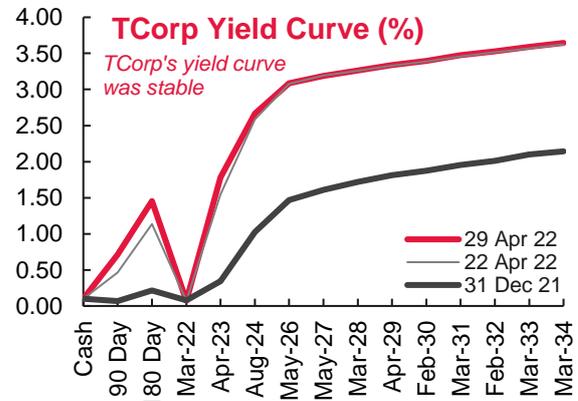
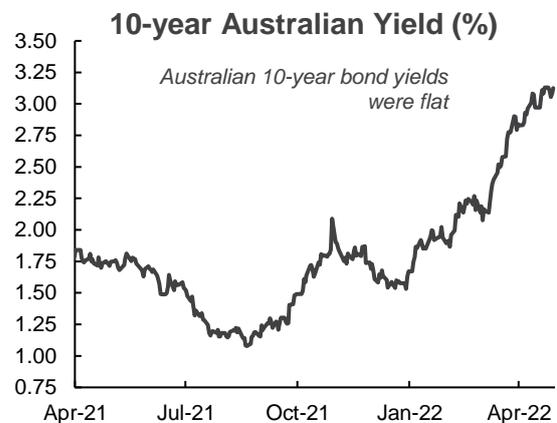
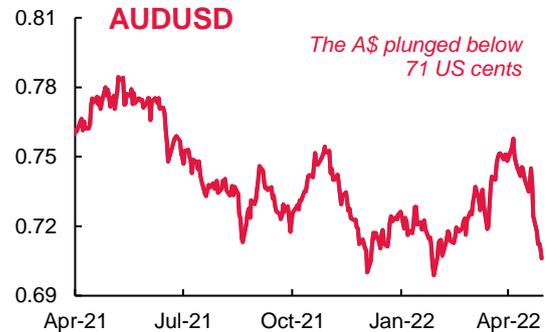
Economic calendar

Monday 02/05	AU: CoreLogic house prices, Apr, ANZ job ads, Apr
Tuesday 03/05	AU: RBA rate decision US: Construction spending, Mar, ISM Manufacturing, Apr, Vehicle sales, Apr
Wednesday 04/05	AU: Retail sales, Mar, Home loans, Mar NZ: RBNZ Financial Stability Report US: Factory orders, Mar, JOLTS job openings, Mar, Durable goods orders, Mar (final), Trade balance, Mar
Thursday 05/05	AU: Trade balance, Mar, Building approvals, Mar CH: Services, Composite PMIs, Apr UK: Bank of England rate decision US: Federal Reserve rate decision, ISM Services, Apr, Non-farm productivity, Unit Labor costs, Mar qtr (prelim)
Friday 06/05	AU: RBA Statement on Monetary Policy US: Non-farm payrolls, Apr

The week ahead

- Rate decisions from the US Federal Reserve, the Reserve Bank of Australia (RBA) and the Bank of England will dominate. Amid high inflation, markets and analysts widely believe all 3 institutions will hike rates, with expectations at 50bps for the Fed, 25bps for the Bank of England and 15bps for the RBA.

Financial markets charts



Financial markets data: Week ending 29 April 2022

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.10	0	–	0	–
90-day BBSW	0.71	25	▲	64	▲
3-year Australian Bond Yield	2.71	2	▲	179	▲
10-year Australian Bond Yield	3.13	0	▼	146	▲
20-year Australian Bond Yield	3.42	-5	▼	115	▲
10-year Australian Break-Even Inflation	2.55	5	▲	28	▲
10-year Australian Real Yield	0.57	-5	▼	117	▲
Fed Funds Rate (lower bound)	0.25	0	–	25	▲
2-year US Treasury Yield	2.71	5	▲	198	▲
10-year US Treasury Yield	2.93	3	▲	142	▲
30-year US Treasury Yield	3.00	5	▲	109	▲
10-year German Bund Yield	0.94	-3	▼	112	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 20 April 2023	1.78	24	▲	144	▲
1.00% 8 February 2024	2.46	7	▲	163	▲
5.00% 20 August 2024	2.67	8	▲	164	▲
1.25% 20 March 2025	2.87	3	▲	165	▲
4.00% 20 May 2026	3.09	1	▲	162	▲
3.00% 20 May 2027	3.19	-1	▼	158	▲
3.00% 20 March 2028	3.27	1	▲	155	▲
3.00% 20 April 2029	3.34	1	▲	153	▲
3.00% 20 February 2030	3.40	1	▲	152	▲
2.00% 20 March 2031	3.48	2	▲	153	▲
1.50% 20 February 2032	3.53	2	▲	152	▲
2.00% 8 March 2033	3.59	2	▲	149	▲
3.50% 20 March 2034	3.65	2	▲	150	▲
2.75% 20 November 2025 CIB	-0.07	-5	▼	97	▲
2.50% 20 November 2035 CIB	1.13	-2	▼	110	▲
10-year NSW TCorp Bond Yield	3.51	2	▲	153	▲
10-year TCV (Victoria) Spread	0.02	0	▲	-1	▼
10-year QTC (Queensland) Spread	0.00	1	▲	-1	▼
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	7,435	-0.5%	▼	-0.1%	▼
S&P500 (US)	4,132	-3.3%	▼	-13.3%	▼
FTSE 100 (UK)	7,545	0.3%	▲	2.2%	▲
DJ Stoxx600 (Europe)	450	-0.6%	▼	-7.7%	▼
Nikkei 225 (Japan)	26,848	-0.9%	▼	-6.8%	▼
Shanghai Composite (China)	3,047	-1.3%	▼	-16.3%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.706	-2.5%	▼	-2.8%	▼
EUR/USD	1.055	-2.3%	▼	-7.3%	▼
USD/JPY	129.70	0.9%	▲	12.7%	▲
GBP/USD	1.26	-2.1%	▼	-7.1%	▼
US\$ Index	102.96	1.7%	▲	7.6%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	109.34	2.5%	▲	40.6%	▲
Iron Ore (US\$/t)	146.30	-3.0%	▼	20.8%	▲
Coking Coal (US\$/t)	2,990.00	-2.9%	▼	45.6%	▲
Gold (US\$/oz)	1,896.93	-1.8%	▼	3.7%	▲

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