

## The week that was

- Global equity markets fell sharply last week as rising COVID-19 cases in Europe and North America forced Germany and France to announce the re-introduction of widespread economic restrictions. This also triggered speculation that some US states may also introduce restrictions on activity. At the same time, the upcoming US Presidential election appeared to curb the risk appetite of investors.
- The US S&P500 fell by 5.6% last week, as did the Euro Stoxx 600. UK stocks were down by 4.8% while Australian equities fell by 3.9%.
- With the re-introduction of economic restrictions likely to stifle economic growth, oil prices also fell sharply down more than 10%. Other commodity prices were, however, more resilient.
- Usually, when equity markets fall sharply investors seek the safe haven of government bond markets. Surprisingly, however, US 10-year bond yields rose by 3bps over the week. In contrast, Australian 10-year bond yields fell 3bps as analysts became more confident that the Reserve Bank of Australia will commit to buying more longer-dated government bonds at its November Board meeting.

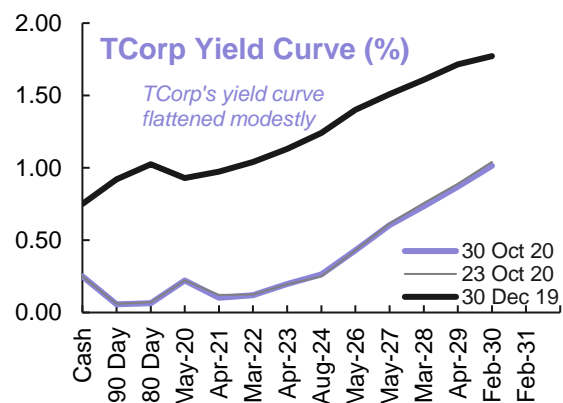
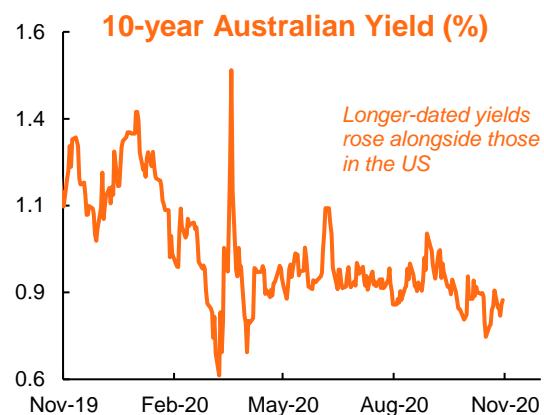
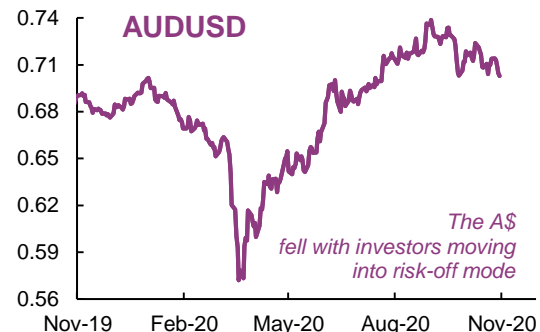
## Economic calendar

<b>Monday</b> 2/11	CH: Caixin manufacturing PMI, Oct US: ISM manufacturing survey, Oct
<b>Tuesday</b> 3/11	AU: RBA Policy meeting US: Presidential election
<b>Wednesday</b> 4/11	AU: Retail sales, Q3 US: ISM non-manufacturing survey, Oct
<b>Thursday</b> 5/11	AU: Payrolls US: FOMC monetary policy meeting
<b>Friday</b> 6/11	US: Non-farm Payrolls, Oct AU: Statement on Monetary Policy

## The week ahead

- This is a huge week for financial markets with a plethora of important economic events and data. The headline event is certainly the US Presidential election with polls currently pointing to the Democrats winning both the Presidency as well as the Senate. If the election is close, however, we might not know the result for some time.
- The US central bank is also holding its policy meeting this week and the ISM survey will provide an update of how US businesses are faring, while non-farm payrolls will reveal how quickly the labour market is healing.
- In Australia, the Reserve Bank of Australia is poised to announce another round of easing measures and update its forecasts in the Statement of Monetary Policy. Retail sales for September will also be released.

## Financial markets charts



## Financial markets data: Week ending 30 October 2020

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.25	0	—	-50	▼
90-day BBSW	0.06	0	▼	-87	▼
3-year Australian Bond Yield	0.12	-1	▼	-79	▼
10-year Australian Bond Yield	0.83	-3	▼	-54	▼
20-year Australian Bond Yield	1.55	-3	▼	-32	▼
10-year Australian Break-Even Inflation	1.39	-4	▼	-2	▼
10-year Australian Real Yield	-0.56	1	▲	-52	▼
Fed Funds Rate (lower bound)	0.00	0	—	-150	▼
2-year US Treasury Yield	0.15	0	▼	-142	▼
10-year US Treasury Yield	0.87	3	▲	-104	▼
30-year US Treasury Yield	1.66	2	▲	-73	▼
10-year German Bund Yield	-0.63	-5	▼	-44	▼
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 8 April 2021	0.10	-2	▼	-90	▼
6.00% 1 March 2022	0.12	0	▼	-94	▼
4.00% 20 April 2023	0.20	0	▲	-97	▼
1.00% 8 February 2024	0.24	1	▲	-104	▼
5.00% 20 August 2024	0.26	1	▲	-102	▼
4.00% 20 May 2026	0.43	0	▼	-102	▼
3.00% 20 May 2027	0.60	-1	▼	-97	▼
3.00% 20 March 2028	0.74	-2	▼	-93	▼
3.00% 20 April 2029	0.87	-2	▼	-91	▼
3.00% 20 February 2030	1.01	-3	▼	-83	▼
2.00% 20 March 2031	1.18	-3	▼	-78	▼
2.00% 20 March 2032	1.42	-3	▼	n/a	n/a
2.00% 20 March 2033	1.55	-3	▼	-65	▼
3.75% 20 August 2020 CIB	2.08	0	▲	278	▲
2.75% 20 November 2025 CIB	-0.59	-38	▼	-68	▼
2.50% 20 November 2035 CIB	0.18	2	▲	n/a	n/a
10-year NSW TCorp Bond Yield	1.14	-3	▼	-71	▼
10-year TCV (Victoria) Spread	0.01	2	▲	2	▲
10-year QTC (Queensland) Spread	-0.01	1	▲	-4	▼
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	5,928	-3.9%	▼	-11.3%	▼
S&P500 (US)	3,270	-5.6%	▼	1.2%	▲
FTSE 100 (UK)	5,577	-4.8%	▼	-26.1%	▼
Euro Stoxx 600 (Europe)	342	-5.6%	▼	-17.7%	▼
Nikkei 225 (Japan)	22,977	-2.3%	▼	-2.9%	▼
Shanghai Composite (China)	3,225	-1.6%	▼	5.7%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.703	-1.6%	▼	0.3%	▲
EUR/USD	1.165	-1.8%	▼	3.8%	▲
USD/JPY	104.66	0.0%	▼	-3.6%	▼
GBP/USD	1.29	-0.7%	▼	-1.7%	▼
US\$ Index	94.04	1.4%	▲	-2.4%	▼
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	37.46	-10.3%	▼	-43.2%	▼
Iron Ore (US\$/t)	120.19	0.1%	▲	31.3%	▲
Coking Coal (US\$/t)	1,334.50	0.4%	▲	10.6%	▲
Gold (US\$/oz)	1,878.81	-1.2%	▼	23.8%	▲

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