

The week that was

- The resumption of trade negotiations between the US and China propelled markets last week. Both China and the US have confirmed that Chinese Deputy Premier Liu will visit Washington in early October. The State Council of China has also called for more fiscal stimulus, while geopolitical risks receded in Hong Kong, Italy and the UK.
- Equities were higher while bond prices fell sharply as risk sentiment surged. The S&P500 was up 1.8% while Europe (2.2%), Japan (2.4%) and the UK (1.2%) also closed higher. US 10-year bond yields gained 6bps to 1.56%. The ASX200 was up 0.7% while Australian 10-year bond yields rose 20bps to 1.09%.
- Australia's economy slowed to its most sluggish pace since 2009, at 1.4% in annual terms. The result is well below the RBA's forecast in its August Statement on Monetary Policy. Net exports and public spending drove most of the growth in the quarter while private investment and household consumption remain weak.
- Weak retail spending persisted into July, as sales fell 0.1%. The Reserve Bank of Australia (RBA) kept policy unchanged in September as widely expected.
- The divergence between solid services sectors and weak manufacturing sectors continues. The US ISM manufacturing PMI shocked the market by falling to a 3- year low of 49.1, while the services sector index beat expectations with a solid reading of 56.4. US non-farm payrolls gained 130,000 in August, slightly less than expected, while the unemployment rate remained steady at 3.7%.

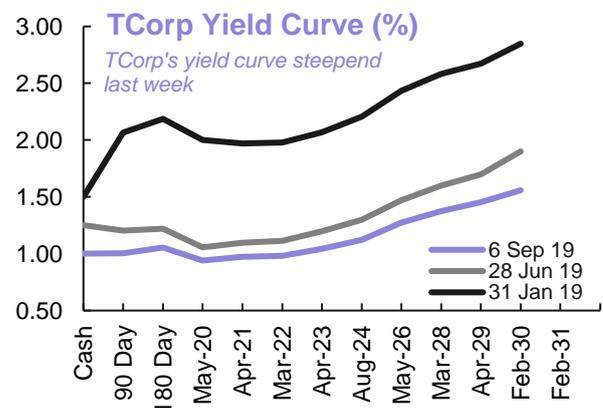
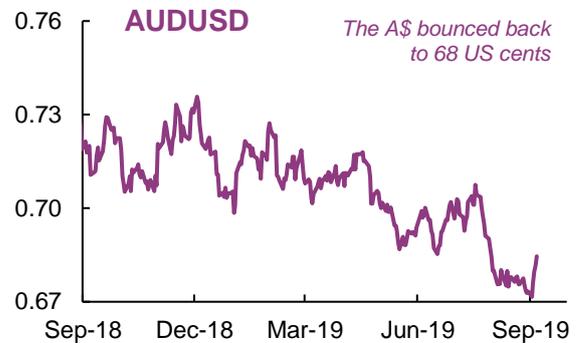
Economic calendar

Tuesday 10/09	AU: NAB business survey CH: CPI
Wednesday 11/09	AU: Consumer sentiment
Thursday 12/09	US: CPI EU: ECB monetary policy meeting
Friday 13/09	US: Retail sales, consumer sentiment

The week ahead

- A quieter week lies ahead for domestic investors. Consumer and business confidence surveys will be the main data to watch this week in Australia.
- International investors will focus on the European Central Bank monetary policy meeting on Thursday. Retail sales and CPI in the US will also be closely examined.

Financial markets charts



Financial markets data: Week ending 6 September 2019

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	1.00	0	–	-50	▼
90-day BBSW	1.00	3	▲	-109	▼
3-year Australian Bond Yield	0.82	15	▲	-103	▼
10-year Australian Bond Yield	1.09	20	▲	-123	▼
20-year Australian Bond Yield	1.49	20	▲	-119	▼
10-year Australian Break-Even Inflation	1.17	4	▲	-47	▼
10-year Australian Real Yield	-0.08	17	▲	-76	▼
Fed Funds Rate (lower bound)	2.00	0	–	-25	–
2-year US Treasury Yield	1.54	4	▲	-95	▼
10-year US Treasury Yield	1.56	6	▲	-112	▼
30-year US Treasury Yield	2.03	6	▲	-99	▼
10-year German Bund Yield	-0.64	6	▲	-88	▼
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
6.00% 1 May 2020	0.94	5	▲	-108	▼
4.00% 8 April 2021	0.97	15	▲	-105	▼
6.00% 1 March 2022	0.98	15	▲	-107	▼
4.00% 20 April 2023	1.04	15	▲	-114	▼
5.00% 20 August 2024	1.12	16	▲	-120	▼
4.00% 20 May 2026	1.27	18	▲	-126	▼
3.00% 20 May 2027	1.37	19	▲	-129	▼
3.00% 20 March 2028	1.45	20	▲	-129	▼
3.00% 20 April 2029	1.56	20	▲	-129	▼
3.00% 20 February 2030	1.62	19	▲	-128	▼
3.75% 20 August 2020 CIB	-0.12	0	▲	-78	▼
2.75% 20 November 2025 CIB	0.11	11	▲	-82	▼
2.50% 20 November 2035 CIB	0.59	7	▲	-65	▼
10-year NSW TCorp Bond Yield	1.61	20	▲	-121	▼
10-year TCV (Victoria) Spread	-0.03	1	▲	2	▲
10-year QTC (Queensland) Spread	0.02	1	▲	-4	▼
Equities	Close	1 Week		YTD	
S&P/ASX 200 (Australia)	6,647	0.7%	▲	17.7%	▲
S&P 500 (US)	2,979	1.8%	▲	18.8%	▲
FTSE 100 (UK)	7,282	1.0%	▲	8.2%	▲
DJ Stoxx 600 (Europe)	387	2.0%	▲	14.7%	▲
Nikkei 225 (Japan)	21,200	2.4%	▲	5.9%	▲
Shanghai Composite (China)	3,000	3.9%	▲	20.3%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.685	1.7%	▲	-2.9%	▼
EUR/USD	1.103	0.4%	▲	-3.8%	▼
USD/JPY	106.92	0.6%	▲	-2.5%	▼
GBP/USD	1.23	1.0%	▲	-3.7%	▼
US\$ Index	98.39	-0.5%	▼	2.3%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	61.54	1.8%	▲	14.4%	▲
Iron Ore (US\$/t)	90.00	-1.0%	▼	26.5%	▲
Coking Coal (US\$/t)	1,484.50	4.6%	▲	2.7%	▲
Gold (US\$/oz)	1,506.82	-0.9%	▼	17.5%	▲

Brian Redican
Chief Economist
brian.redican@tcorp.nsw.gov.au

Kevin Ge
Economist
kevin.ge@tcorp.nsw.gov.au