

The week that was

- Investor sentiment continued to improve last week even though US banks increased their provisions for impaired loans, as they anticipate the repercussions of soaring unemployment. The improved sentiment was based on optimism that regions around the world will soon reopen their economies but was helped along by a surge in the share price of Gilead Science which makes a drug which may treat the symptoms of COVID-19. US equities rose 3%, Australian and Japanese stocks gained 2%
- China's 1Q20 GDP contracted for the first time since quarterly records began in 1992, down 6.8% y/y as it suffered through the COVID-19 outbreak. While industrial production rebounded in March, up 32.1%, domestic and export demand has not recovered to the same extent. Export demand will likely be a drag on Q220 GDP as global demand remains constrained by shutdowns.
- The Australian March unemployment rate printed at 5.2%, a 0.1% increase from February, however the survey period ended before containment measures were implemented, so the expected sharp deterioration has not yet been captured. Going forward, the ABS will be classifying recipients of the government's JobKeeper subsidy as employed.
- OPEC+ agreed to cut oil production by 9.7 million bpd. This has done little to support the price of oil, falling 10.8% over the week to US\$28.08, as there is some doubt over the robustness of the arrangement.

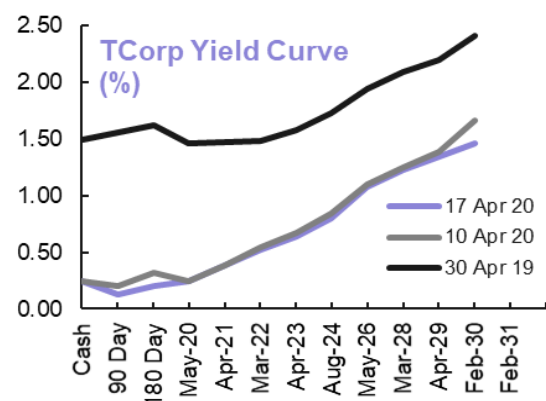
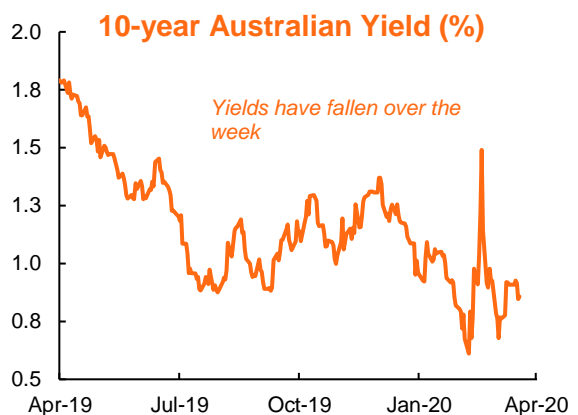
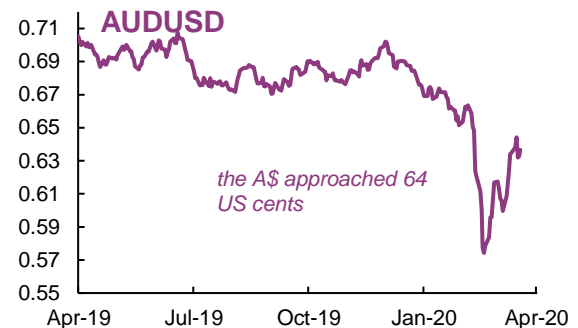
Economic calendar

Monday 20/04	AU: ABS COVID-19 Household Survey
Tuesday 21/04	AU: RBA Governor speech AU: RBA Minutes April Policy Meeting AU: ABS Weekly payrolls
Thursday 23/04	GE: Markit Mfg and Services, Apr EC: Markit Manufacturing, Apr UK: Markit Manufacturing, Apr

The week ahead

- On Tuesday, the RBA Governor is due to give a speech titled *Economic and Financial Update*, which may include an update on their QE plans.
- The ABS will publish more timely payroll data sourced from the ATO to allow analysis of the economic shutdown impact. In the US, along with COVID-19 case growth, airlines and oil industry companies will begin to announce their earnings results.

Financial markets charts



Financial markets data: Week ending 17 April 2020

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.25	0	—	-50	▼
90-day BBSW	0.13	-8	▼	-79	▼
3-year Australian Bond Yield	0.26	-1	▼	-65	▼
10-year Australian Bond Yield	0.86	-5	▼	-51	▼
20-year Australian Bond Yield	1.66	-5	▼	-21	▼
10-year Australian Break-Even Inflation	0.69	-5	▼	-72	▼
10-year Australian Real Yield	0.17	-1	▼	20	▲
Fed Funds Rate (lower bound)	0.00	0	—	-150	▼
2-year US Treasury Yield	0.20	-2	▼	-137	▼
10-year US Treasury Yield	0.64	-8	▼	-128	▼
30-year US Treasury Yield	1.26	-8	▼	-113	▼
10-year German Bund Yield	-0.47	-13	▼	-29	▼
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
6.00% 1 May 2020	0.25	1	▲	-69	▼
4.00% 8 April 2021	0.38	0	▼	-62	▼
6.00% 1 March 2022	0.53	-2	▼	-54	▼
4.00% 20 April 2023	0.64	-3	▼	-53	▼
1.00% 8 February 2024	0.78	-5	▼	-50	▼
5.00% 20 August 2024	0.80	-5	▼	-48	▼
4.00% 20 May 2026	1.08	-2	▼	-37	▼
3.00% 20 May 2027	1.23	-2	▼	-35	▼
3.00% 20 March 2028	1.35	-4	▼	-32	▼
3.00% 20 April 2029	1.47	-5	▼	-31	▼
3.00% 20 February 2030	1.60	-6	▼	-24	▼
2.00% 20 March 2031	1.74	-5	▼	-22	▼
2.00% 20 March 2032	1.93	-5	▼	n/a	n/a
2.00% 20 March 2033	1.94	-6	▼	-26	▼
3.75% 20 August 2020 CIB	-0.96	0	▲	-28	▼
2.75% 20 November 2025 CIB	0.66	2	▲	56	▲
2.50% 20 November 2035 CIB	1.22	2	▲	n/a	n/a
10-year NSW TCorp Bond Yield	1.63	-5	▼	-21	▼
10-year TCV (Victoria) Spread	-0.06	-3	▼	-5	▼
10-year QTC (Queensland) Spread	0.00	0	▲	-3	▼
Equities	Close	1 Week		YTD	
S&P/ASX 200 (Australia)	5,488	1.9%	▲	-17.9%	▼
S&P 500 (US)	2,875	3.0%	▲	-11.0%	▼
FTSE 100 (UK)	5,787	-1.0%	▼	-23.3%	▼
DJ Stoxx 600 (Europe)	333	0.5%	▲	-19.8%	▼
Nikkei 225 (Japan)	19,897	2.0%	▲	-15.9%	▼
Shanghai Composite (China)	2,838	1.5%	▲	-6.9%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.637	0.3%	▲	-9.3%	▼
EUR/USD	1.088	-0.6%	▼	-3.0%	▼
USD/JPY	107.54	-0.9%	▼	-1.0%	▼
GBP/USD	1.25	0.4%	▲	-5.7%	▼
US\$ Index	99.78	0.3%	▲	3.5%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	28.08	-10.8%	▼	-57.5%	▼
Iron Ore (US\$/t)	84.53	1.0%	▲	-7.6%	▼
Coking Coal (US\$/t)	1,257.00	-5.4%	▼	4.1%	▲
Gold (US\$/oz)	1,682.82	-0.8%	▼	10.9%	▲

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

Dana Rice
Economist
dana.rice@tcorp.nsw.gov.au

This material has been prepared by New South Wales Treasury Corporation ABN 99 095 235 825 (TCorp), a statutory corporation of New South Wales.

This material is of a general nature only and does not take into account your investment objectives, financial situation or needs. This material does not constitute investment advice. It should not be relied upon in determining whether to invest in a TCorpIM Fund. TCorp recommends you seek your own legal and financial advice before proceeding with any investment decision.

While this material has been formulated with all due care, TCorp does not warrant or represent that the material is free from errors or omissions, or that it is exhaustive. TCorp takes no responsibility for the accuracy, adequacy, currency or completeness of any information included in the material provided by third parties. Except where contrary to law, TCorp will not be liable for any loss, damage, cost or expense (whether direct or indirect) incurred by you as a result of the use of, or reliance on, the information contained in this material.

This material is not intended to forecast or predict future events. Past performance is not a guarantee or a reliable indicator of future performance. The material is subject to change without notice and TCorp is not under any obligation to update the information or correct any inaccuracy which may become apparent at a later date.

Unauthorised copying and distribution of this material is prohibited.

© New South Wales Treasury Corporation 2020. All rights reserved.

About New South Wales Treasury Corporation (TCorp)

TCorp provides best-in-class investment management, financial management, solutions and advice to the New South Wales (NSW) public sector. With over A\$108 billion of funds under management, TCorp is a top five Australian investment manager and is the central borrowing authority of the state of NSW, with a balance sheet of A\$82 billion.

TCorp

Level 7, Deutsche Bank Place,
126 Phillip Street, Sydney, NSW 2000

Tel: +61 2 9325 9325

www.tcorp.nsw.gov.au

www.linkedin.com/company/tcorp-nswtreasurycorporation/

