

# Weekly Economic Report

20 February 2023

## Financial markets charts

### The week that was

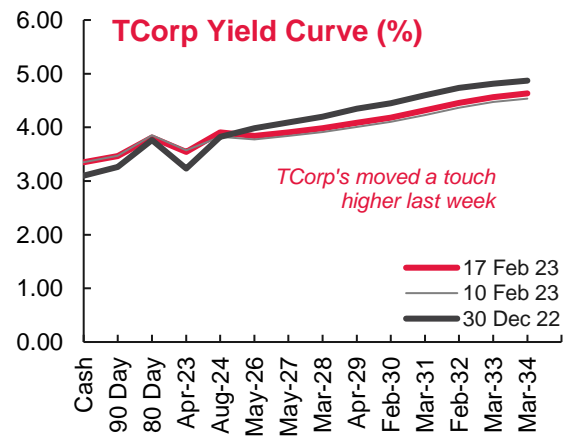
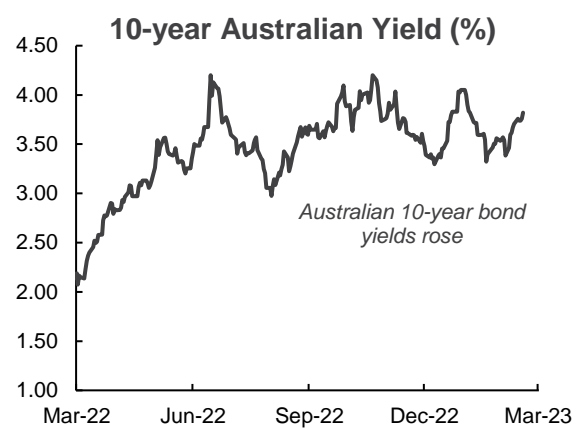
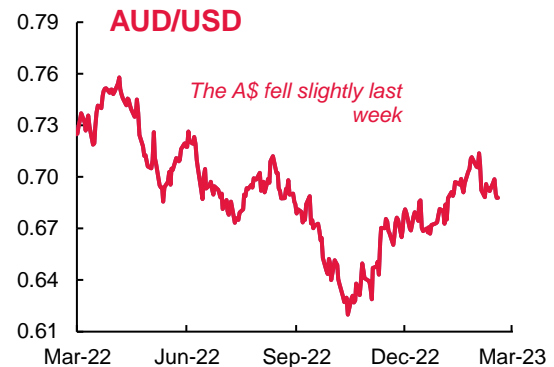
- In Australia, employment fell unexpectedly in January for the second month. The unemployment rate increased to 3.7% from 3.5%. Comments from the Reserve Bank of Australia (RBA) Governor to parliament reiterated that further rate hikes are needed to lower inflation, and that the RBA will be watching closely for further signs of a softening labour market. While Australian 10-year yields fell after the employment data, yields ended the week 11bps higher overall. The ASX200 fell by 1.2%.
- US CPI inflation data for January was in line with predictions confirming that inflation has peaked and is gradually falling. US retail sales were stronger than expected in January, suggesting resilient consumer spending. The positive data, combined with continued hawkish commentary by Federal Reserve officials, saw US 10-year yields rise by 8bps and the S&P500 fall by 0.3% over the week.
- Eurozone GDP rose by 0.1% in the December quarter in line with expectations. European shares rose by 1.4%, continuing their strong start to 2023.
- The Australian dollar declined by 0.5% and the Brent crude oil price fell by 3.9% last week.

### Economic calendar

<b>Monday</b> <b>20/02</b>	
<b>Tuesday</b> <b>21/02</b>	AU: RBA minutes, Feb; Judo Bank Australia PMIs, Feb (prelim) US, EC & UK: S&P Global PMIs, Feb (prelim) GE: ZEW survey, Feb
<b>Wednesday</b> <b>22/02</b>	AU: Wage Price Index, Dec qtr; Construction work done, Dec qtr US: FOMC meeting minutes NZ: RBNZ policy meeting CA: Retail sales, Dec; CPI, Jan GE: CPI, Jan (final)
<b>Thursday</b> <b>23/02</b>	US: GDP, Dec qtr (second) AU: Private capital expenditure, Dec qtr EC: CPI, Jan (final)
<b>Friday</b> <b>24/02</b>	US: PCE deflator, Jan JP: CPI, Jan

### The week ahead

- The Wage Price Index is the key local release and will provide an important read of wages growth for the December quarter.
- In the US, the minutes from the FOMC's February meeting will be released. The US PCE deflator, the Fed's preferred inflation gauge, will show whether price pressures have continued to ease.
- Global PMI data will provide a preliminary read of economic activity in February.



## Financial markets data: Week ending 17 February 2023

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	3.35	0	—	25	▲
90-day BBSW	3.47	0	▼	20	▲
3-year Australian Bond Yield	3.50	8	▲	-1	▼
10-year Australian Bond Yield	3.82	11	▲	-23	▼
20-year Australian Bond Yield	4.18	10	▲	-19	▼
10-year Australian Break-Even Inflation	2.54	8	▲	8	▲
10-year Australian Real Yield	1.28	4	▲	-31	▼
Fed Funds Rate (lower bound)	4.50	0	—	25	▲
2-year US Treasury Yield	4.62	10	▲	19	▲
10-year US Treasury Yield	3.81	8	▲	-6	▼
30-year US Treasury Yield	3.87	5	▲	-9	▼
10-year German Bund Yield	2.44	8	▲	-13	▼
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 20 April 2023	3.55	-2	▼	31	▲
1.00% 8 February 2024	3.90	5	▲	16	▲
5.00% 20 August 2024	3.91	8	▲	8	▲
1.25% 20 March 2025	3.83	8	▲	-2	▼
4.00% 20 May 2026	3.84	7	▲	-14	▼
3.00% 20 May 2027	3.90	6	▲	-18	▼
3.00% 20 March 2028	3.99	7	▲	-22	▼
3.00% 20 April 2029	4.08	7	▲	-26	▼
3.00% 20 February 2030	4.18	8	▲	-27	▼
2.00% 20 March 2031	4.32	9	▲	-28	▼
1.50% 20 February 2032	4.45	9	▲	-29	▼
2.00% 8 March 2033	4.56	9	▲	-25	▼
3.50% 20 March 2034	4.63	10	▲	-24	▼
2.75% 20 November 2025 CIB	0.48	-9	▼	-32	▼
2.50% 20 November 2035 CIB	2.07	+3	▲	-32	▼
10-year NSW TCorp Bond Yield	4.52	9	▲	-24	▼
10-year TCV (Victoria) Spread	-0.02	-2	▼	-7	▼
10-year QTC (Queensland) Spread	-0.09	0	▼	-3	▼
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	7,347	-1.2%	▼	4.4%	▲
S&P500 (US)	4,079	-0.3%	▼	6.2%	▲
FTSE 100 (UK)	8,004	1.5%	▲	7.4%	▲
DJ Stoxx600 (Europe)	464	1.4%	▲	9.3%	▲
Nikkei 225 (Japan)	27,513	-0.6%	▼	5.4%	▲
Shanghai Composite (China)	3,224	-1.1%	▼	4.4%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.688	-0.5%	▼	1.0%	▲
EUR/USD	1.070	0.2%	▲	-0.1%	▼
USD/JPY	134.15	2.1%	▲	2.3%	▲
GBP/USD	1.20	-0.2%	▼	-0.4%	▼
US\$ Index	103.86	0.2%	▲	0.3%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	83.00	-3.9%	▼	-3.4%	▼
Iron Ore (US\$/t)	125.55	0.1%	▲	12.8%	▲
Coking Coal (US\$/t)	2,405.00	-9.8%	▼	-3.3%	▼
Gold (US\$/oz)	1,842.36	-1.2%	▼	1.0%	▲

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