

Financial markets charts

The week that was

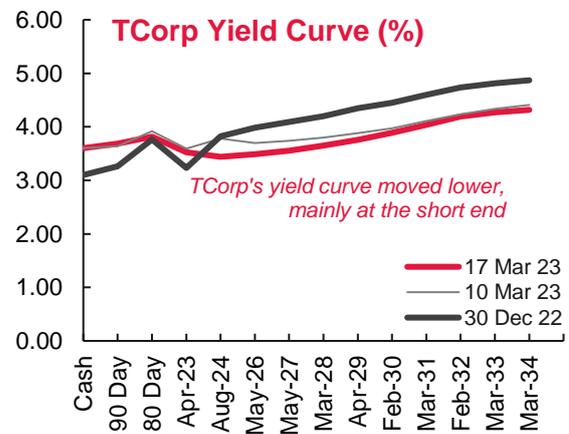
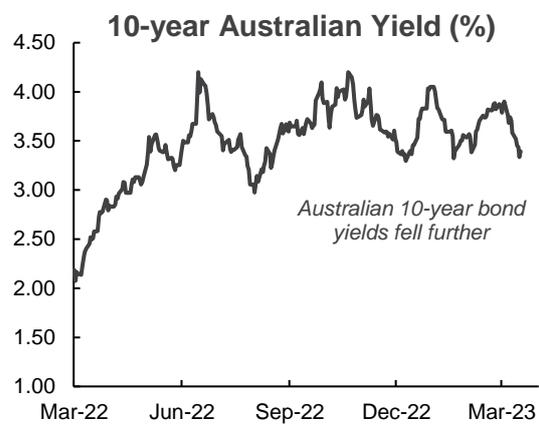
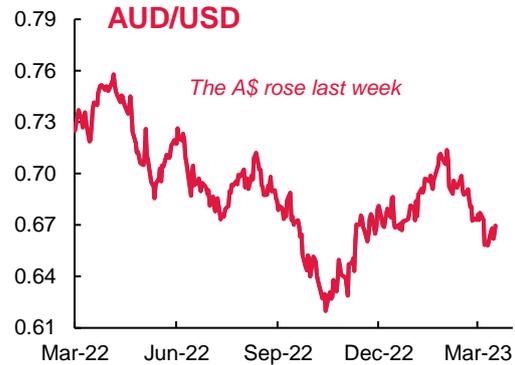
- Financial markets were extremely volatile last week following the collapse of Silicon Valley Bank in the US and concerns about Credit Suisse in Europe. Global bond yields and banking stocks fell sharply and expectations for central bank policy rates were revised lower as concerns around the health of the banking sector intensified.
- US 2-year bond yields fell by 75bps and Australian 3-year yields declined by 32bps. 10-year yields also fell sharply in Australia (-19bps), the US (-27bps) and Germany (-40bps).
- The ASX200 declined by 2.1% and European stocks fell by 3.8%. The S&P500 ended the week 1.4% higher, though regional bank stocks fell sharply. The Australian dollar rose by 1.8%.
- US CPI inflation was slightly stronger than expected in February, with no convincing signs of disinflation evident in the data. The European Central Bank raised its policy rate by 50bps this week to 3.50% but did not indicate future moves.
- The Australian labour market remained tight in February with very strong employment growth and the unemployment rate falling to 3.5%. Net overseas migration to Australia has continued to rebound strongly.
- The Brent crude oil price fell by almost 12% reflecting concerns about weaker future global economic activity and oil demand.

Economic calendar

Monday 20/03	AU: RBA Assistant Governor (Financial Markets) speech CA: CPI, Feb
Tuesday 21/03	AU: RBA minutes, March meeting US: Existing home sales, Feb UK: CPI, Feb
Wednesday 22/03	US: FOMC policy decision; Chicago Fed National Activity Index, Feb UK: Bank of England policy decision
Thursday 23/03	EC & UK: S&P PMIs; Consumer confidence, March P US: Durable goods orders, Feb P UK: Retail sales, Feb CA: Retail sales, Jan
Friday 24/03	US: S&P Global PMIs AU: Judo Bank PMIs JN: National CPI, Feb

The week ahead

- A focus will be on the policy decision made by the US central bank and accompanying commentary.
- March Reserve Bank of Australia meeting minutes and a speech by the Assistant Governor (Financial Markets) will be closely watched.



Financial markets data: Week ending 17 March 2023

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	3.60	0	–	50	▲
90-day BBSW	3.69	5	▲	42	▲
3-year Australian Bond Yield	3.01	-32	▼	-49	▼
10-year Australian Bond Yield	3.39	-19	▼	-66	▼
20-year Australian Bond Yield	3.85	-12	▼	-53	▼
10-year Australian Break-Even Inflation	2.26	-9	▼	-20	▼
10-year Australian Real Yield	1.13	-9	▼	-46	▼
Fed Funds Rate (lower bound)	4.50	0	–	25	▲
2-year US Treasury Yield	3.84	-75	▼	-59	▼
10-year US Treasury Yield	3.43	-27	▼	-45	▼
30-year US Treasury Yield	3.62	-9	▼	-34	▼
10-year German Bund Yield	2.11	-40	▼	-46	▼
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 20 April 2023	3.52	-7	▼	29	▲
1.00% 8 February 2024	3.48	-30	▼	-26	▼
5.00% 20 August 2024	3.44	-34	▼	-39	▼
1.25% 20 March 2025	3.45	-26	▼	-39	▼
4.00% 20 May 2026	3.49	-21	▼	-50	▼
3.00% 20 May 2027	3.55	-19	▼	-53	▼
3.00% 20 March 2028	3.65	-15	▼	-55	▼
3.00% 20 April 2029	3.76	-13	▼	-59	▼
3.00% 20 February 2030	3.89	-8	▼	-56	▼
2.00% 20 March 2031	4.04	-7	▼	-56	▼
1.50% 20 February 2032	4.19	-5	▼	-55	▼
2.00% 8 March 2033	4.27	-6	▼	-54	▼
3.50% 20 March 2034	4.32	-9	▼	-55	▼
2.75% 20 November 2025 CIB	0.38	-19	▼	-44	▼
2.50% 20 November 2035 CIB	1.91	-6	▼	-48	▼
10-year NSW TCorp Bond Yield	4.22	-8	▼	-53	▼
10-year TCV (Victoria) Spread	0.00	0	▼	-4	▼
10-year QTC (Queensland) Spread	-0.07	1	▲	-1	▼
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	6,995	-2.1%	▼	-0.6%	▼
S&P500 (US)	3,917	1.4%	▲	2.0%	▲
FTSE 100 (UK)	7,335	-5.3%	▼	-1.6%	▼
DJ Stoxx600 (Europe)	436	-3.8%	▼	2.7%	▲
Nikkei 225 (Japan)	27,334	-2.9%	▼	4.7%	▲
Shanghai Composite (China)	3,251	0.6%	▲	5.2%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.670	1.8%	▲	-1.7%	▼
EUR/USD	1.067	0.3%	▲	-0.3%	▼
USD/JPY	131.85	-2.4%	▼	0.6%	▲
GBP/USD	1.22	1.2%	▲	0.7%	▲
US\$ Index	103.71	-0.8%	▼	0.2%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	72.97	-11.9%	▼	-15.1%	▼
Iron Ore (US\$/t)	130.67	1.3%	▲	17.4%	▲
Coking Coal (US\$/t)	245.47	-34.2%	▼	-31.9%	▼
Gold (US\$/oz)	1,989.25	6.5%	▲	9.1%	▲

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

Emily Perry
Senior Economist
emily.perry@tcorp.nsw.gov.au



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

T +61 2 9325 9325

W www.tcorp.nsw.gov.au

ABN 99 095 235 825

Disclaimer

The opinions, forecasts and data contained in this report is based on the research of TCorp as at the date of publication and is subject to change without notice. TCorp is not responsible for the accuracy, adequacy, currency or completeness of any information in the report provided by third parties. This report is provided for general information purposes only and should not be relied upon for investment or trading purposes. This report is not intended to forecast or predict future events.

Unauthorised copying and distribution of this material is prohibited.

© New South Wales Treasury Corporation 2023. 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 A\$105 billion of assets under management, TCorp is a top 10 Australian investment manager and is the central borrowing authority of the state of NSW, with a balance sheet of A\$144 billion. It is rated Aaa (Stable) by Moody's, AAA (Stable) by Fitch, and AA+ (Stable) by S&P