

# Weekly Economic Report

20 March 2023

## Financial markets charts

### The week that was

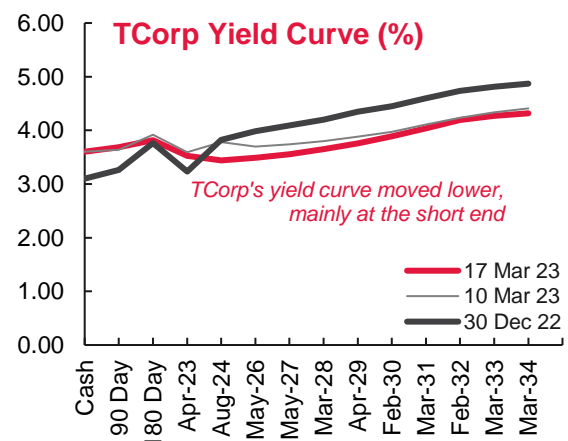
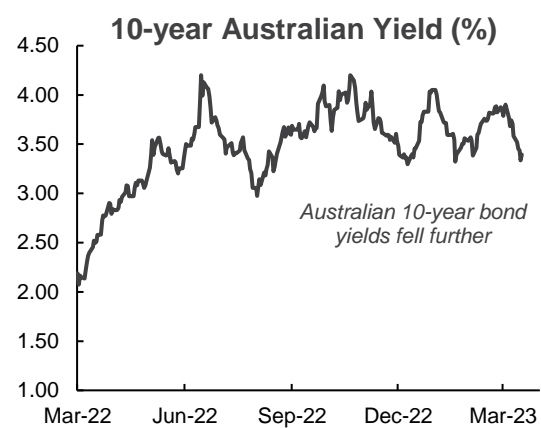
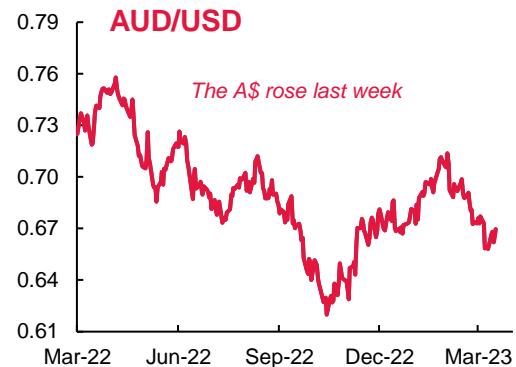
- Financial markets were extremely volatile last week following the collapse of Silicon Valley Bank in the US and concerns about Credit Suisse in Europe. Global bond yields and banking stocks fell sharply and expectations for central bank policy rates were revised lower as concerns around the health 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

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

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