

# Weekly economic report

20 November 2023

## Financial markets charts

### The week that was

- US consumer prices were unchanged in October and were just 3.2% higher than a year ago. This was weaker than investors expected and fanned hopes that the US central bank might have reached the end of its tightening policy. As a result, bond yields fell, and equities recorded strong gains.
- US 10-year bond yields fell by 22bps last week, while 2-year bond yields declined by 18bps. Falling bond yields supported stocks with the US S&P500 rising 2.2% last week. European stocks performed even more strongly, gaining 2.8%, while the Australian equity market rose 1%.
- Australian economic data was mixed last week. Employment rose by more than expected in October, but this still couldn't prevent the unemployment rate from rising to 3.7%. With Australia's population rising so quickly, the economy now needs to generate more jobs to absorb new entrants to the labour market. Wages growth met expectations in Q3.
- The general 'risk-on' tone in markets was also reflected in currencies, with the Australian dollar climbing 2.4% to end the week at US\$0.652. Meanwhile, oil prices were volatile, but closed down 1% for the week.

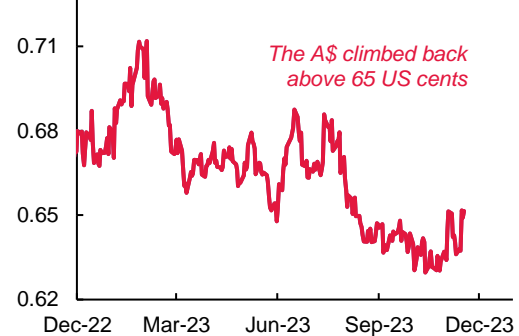
### Economic calendar

<b>Monday</b> 20/11	CH: Loan Prime Rate announcement
<b>Tuesday</b> 21/11	AU: RBA Governor participates in panel discussion AU: RBA meeting minutes
<b>Wednesday</b> 22/11	AU: RBA Governor speech US: Durable goods orders
<b>Thursday</b> 23/11	EU: Purchasing managers indexes, November (preliminary) US: Thanksgiving Day Holiday
<b>Friday</b> 24/11	US: PMIs, Nov EU: ECB President Lagarde speech

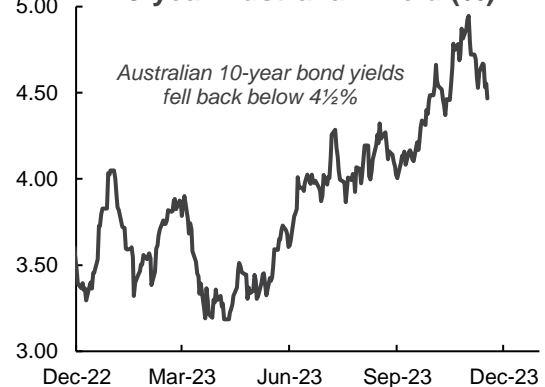
### The week ahead

- The week ahead is likely to be quieter than usual, with the US Thanksgiving Day holiday interrupting the release of US data and also resulting in thinner trading conditions. For that reason, the first read of European purchasing managers' indexes for November is likely to be global data highlight.
- Locally, the Reserve Bank of Australia (RBA) will be the focus for investors with the RBA Governor participating in a panel discussion on Tuesday and the minutes of the RBA's recent policy meeting being released.
- The RBA Governor is also providing a keynote address to the Australian Business Economists annual dinner on Wednesday. Investors are hoping that she signals that rates may have peaked.

#### AUD/USD



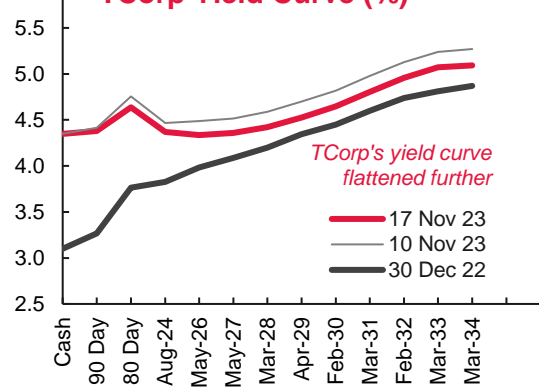
#### 10-year Australian Yield (%)



#### ASX200 (Index)



#### TCorp Yield Curve (%)



## Financial markets data: Week ending 17 November 2023

INTEREST RATES	CLOSE (%)	1 WEEK (BPS)		YTD (BPS)	
RBA Cash Rate	4.35	0	—	125	▲
90-day BBSW	4.38	-3	▼	112	▲
3-year Australian Bond Yield	4.09	-15	▼	58	▲
10-year Australian Bond Yield	4.47	-15	▼	42	▲
20-year Australian Bond Yield	4.77	-16	▼	39	▲
10-year Australian Break-Even Inflation	2.62	-2	▼	16	▲
10-year Australian Real Yield	1.85	-14	▼	26	▲
Fed Funds Rate (lower bound)	5.25	0	—	100	▲
2-year US Treasury Yield	4.89	-18	▼	46	▲
10-year US Treasury Yield	4.44	-22	▼	56	▲
30-year US Treasury Yield	4.59	-17	▼	63	▲
10-year German Bund Yield	2.59	-13	▼	2	▲
	4.35	0	—	125	▲
<b>NSW TCorp Bonds</b>	<b>Close (%)</b>	<b>1 Week (bps)</b>		<b>YTD (bps)</b>	
1.00% 8 February 2024	4.32	-8	▼	58	▲
5.00% 20 August 2024	4.37	-10	▼	55	▲
1.25% 20 March 2025	4.39	-14	▼	54	▲
4.00% 20 May 2026	4.34	-15	▼	35	▲
3.00% 20 May 2027	4.36	-16	▼	27	▲
3.00% 20 March 2028	4.42	-17	▼	22	▲
3.00% 20 April 2029	4.52	-18	▼	18	▲
3.00% 20 February 2030	4.65	-17	▼	20	▲
2.00% 20 March 2031	4.81	-17	▼	21	▲
1.50% 20 February 2032	4.96	-17	▼	22	▲
2.00% 8 March 2033	5.07	-17	▼	26	▲
3.50% 20 March 2034	5.09	-18	▼	22	▲
2.75% 20 November 2025 CIB	1.35	-15	▼	54	▲
2.50% 20 November 2035 CIB	2.55	-14	▼	11	▲
10-year NSW TCorp Bond Yield	5.08	-16	▼	33	▲
10-year TCV (Victoria) Spread	0.06	0	▲	2	▲
10-year QTC (Queensland) Spread	-0.09	0	▲	-3	▼
<b>Equities</b>	<b>Close</b>	<b>1 Week</b>		<b>YTD</b>	
S&P/ASX200 (Australia)	7,049	1.0%	▲	0.2%	▲
S&P500 (US)	4,514	2.2%	▲	17.6%	▲
FTSE 100 (UK)	7,504	2.0%	▲	0.7%	▲
DJ Stoxx600 (Europe)	456	2.8%	▲	7.3%	▲
Nikkei 225 (Japan)	33,585	3.1%	▲	28.7%	▲
Shanghai Composite (China)	3,054	0.5%	▲	-1.1%	▼
<b>Currencies</b>	<b>Close</b>	<b>1 Week</b>		<b>YTD</b>	
AUD/USD	0.652	2.4%	▲	-4.4%	▼
EUR/USD	1.092	2.1%	▲	2.0%	▲
USD/JPY	149.63	-1.2%	▼	14.1%	▲
GBP/USD	1.25	1.9%	▲	3.1%	▲
US\$ Index	103.92	-1.8%	▼	0.4%	▲
<b>Commodities</b>	<b>Close</b>	<b>1 Week</b>		<b>YTD</b>	
Brent Oil (US\$/bbl)	80.61	-1.0%	▼	-6.2%	▼
Iron Ore (US\$/t)	129.39	0.8%	▲	16.3%	▲
Coking Coal (US\$/t)	274.83	-0.8%	▼	-23.7%	▼
Gold (US\$/oz)	1,980.82	2.1%	▲	8.6%	▲

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