

Weekly Economic Report

20 September 2021

The week that was

- Global financial markets took more of a risk-off tone last week, investors focused on policy announcements from the major central banks, even though it is well known that central banks will reduce their bond buying programmes. Mixed data made for a muddled view of economic growth.
- US inflation data reassuringly showed price pressures eased back in August. In Australia, surveys showed better business conditions, but weaker spending, and the underlying details to the employment report were poor.
- US 10-year bond yields rose 2bps to 1.36% for the week, while German 10-year yields were up 5bps to close at -0.28%. Australian 10-year yields rose 8bps, closing at 1.30%. TCorp's 10-year yield was up 3bps, to 1.67%.
- Equity markets weakened. The major indices for the US, Australia, UK and Europe fell, with the S&P500 down -0.6%. The Shanghai Composite fell 2.4% on policy and growth headwinds.
- The Australian dollar continued to slide, down 1.0% to US\$0.728, dragging lower alongside falling iron ore prices.

Economic calendar

Monday
20/09

Tuesday
21/09 AU: RBA Meeting Minutes, Sep
US: NAHB Housing Index, Sep,
Building Permits, Aug, Housing Starts,
Aug, Current Account Balance, Jun qtr

Wednesday
22/09 AU: Westpac Leading Index, Aug, RBA
Bullock speaks at Bloomberg event
CH: Prime Rate announcement, Sep
JP: BOJ policy decision, Sep

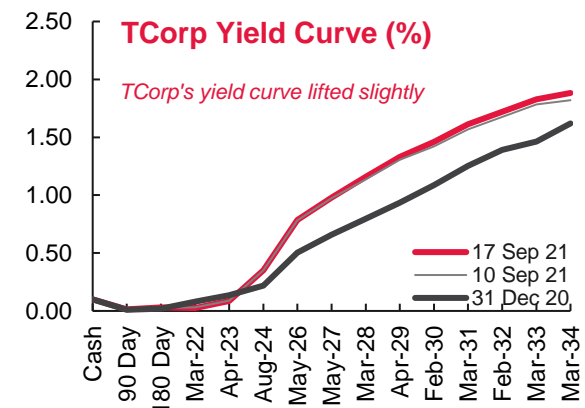
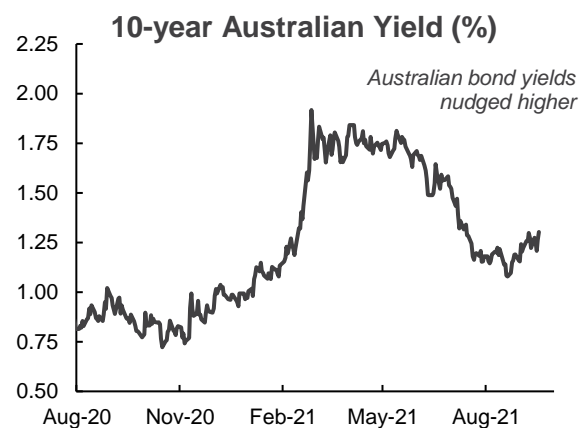
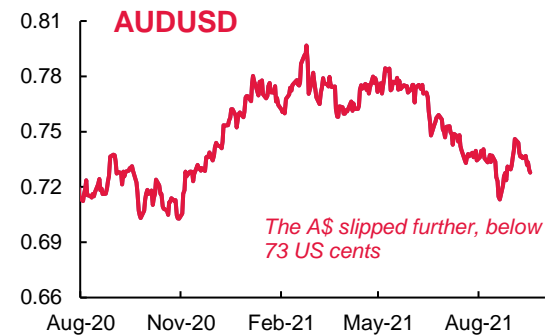
Thursday
23/09 AU: Markit PMIs, Sep (prelim)
EC: Economic Bulletin, Sep
UK: Bank of England decision, Sep
US: FOMC policy decision, Sep,
Existing home sales, Aug, Markit PMIs,
Sep (prelim)

Friday
24/09 US: New Home Sales, Aug

The week ahead

- The coming week will be a major one for central bank decisions and news-flow, with policy decisions expected from the US Federal Reserve and also central banks in Japan, the UK and China. The Reserve Bank of Australia's September meeting minutes and the ECB bulletin are also due.
- While policymakers are expected to hold settings steady, the assessment of growth and inflation pressures is expected to be telling for the future timing and speed of tapering and rate hikes.

Financial markets charts



Financial markets data: Week ending 17 September 2021

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.10	0	—	0	—
90-day BBSW	0.01	0	▲	0	▲
3-year Australian Bond Yield	0.25	-2	▼	14	▲
10-year Australian Bond Yield	1.30	8	▲	33	▲
20-year Australian Bond Yield	1.99	9	▲	28	▲
10-year Australian Break-Even Inflation	2.03	2	▲	26	▲
10-year Australian Real Yield	-0.73	6	▲	7	▲
Fed Funds Rate (lower bound)	0.00	0	—	0	—
2-year US Treasury Yield	0.22	1	▲	10	▲
10-year US Treasury Yield	1.36	2	▲	45	▲
30-year US Treasury Yield	1.90	-3	▼	25	▲
10-year German Bund Yield	-0.28	5	▲	29	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
6.00% 1 March 2022	0.03	-1	▼	-6	▼
4.00% 20 April 2023	0.09	0	▼	-5	▼
1.00% 8 February 2024	0.24	0	▼	4	▲
5.00% 20 August 2024	0.35	0	—	13	▲
4.00% 20 May 2026	0.78	0	▲	28	▲
3.00% 20 May 2027	0.98	1	▲	32	▲
3.00% 20 March 2028	1.16	2	▲	36	▲
3.00% 20 April 2029	1.33	3	▲	39	▲
3.00% 20 February 2030	1.46	4	▲	37	▲
2.00% 20 March 2031	1.61	4	▲	36	▲
1.50% 20 February 2032	1.72	5	▲	33	▲
2.00% 8 March 2033	1.83	5	▲	37	▲
3.50% 20 March 2034	1.88	6	▲	26	▲
2.75% 20 November 2025 CIB	-1.26	1	▲	-15	▼
2.50% 20 November 2035 CIB	-0.02	6	▲	8	▲
10-year NSW TCorp Bond Yield	1.67	3	▲	43	▲
10-year TCV (Victoria) Spread	0.00	1	▲	-3	▼
10-year QTC (Queensland) Spread	-0.04	1	▲	0	▲
Equities	Close	1 Week		YTD	
S&P/ASX 200 (Australia)	7,404	0.0%	▼	12.4%	▲
S&P 500 (US)	4,433	-0.6%	▼	18.0%	▲
FTSE 100 (UK)	6,964	-0.9%	▼	7.8%	▲
DJ Stoxx 600 (Europe)	462	-1.0%	▼	15.7%	▲
Nikkei 225 (Japan)	30,500	0.4%	▲	11.1%	▲
Shanghai Composite (China)	3,614	-2.4%	▼	4.1%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.728	-1.0%	▼	-5.4%	▼
EUR/USD	1.173	-0.8%	▼	-4.0%	▼
USD/JPY	109.93	0.0%	▼	6.5%	▲
GBP/USD	1.37	-0.7%	▼	0.5%	▲
US\$ Index	93.20	0.7%	▲	3.6%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	75.34	3.3%	▲	45.4%	▲
Iron Ore (US\$/t)	101.73	-20.8%	▼	-35.8%	▼
Coking Coal (US\$/t)	3,496.00	-2.2%	▼	133.0%	▲
Gold (US\$/oz)	1,754.34	-1.9%	▼	-7.6%	▼

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