

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.

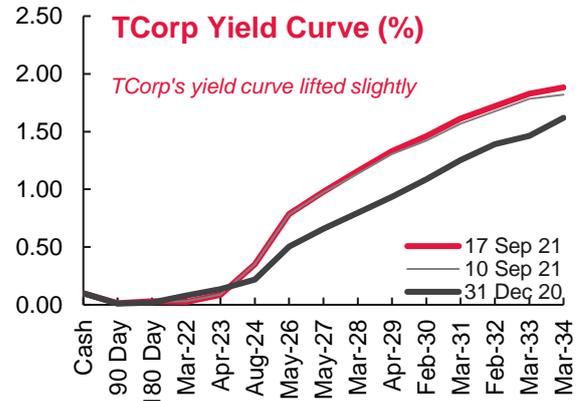
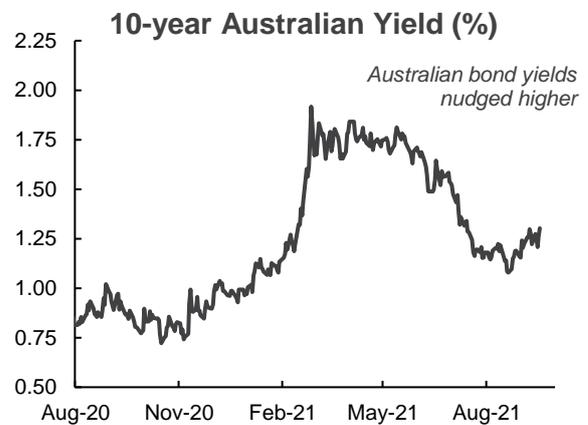
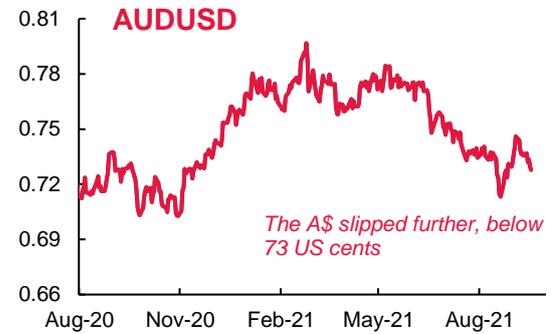
Economic calendar

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%	▼

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

Rebecca Hiscock-Croft
Senior Economist
rebecca.hiscock-croft@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

This material has been prepared by New South Wales Treasury Corporation ABN 99 095 235 825 (TCorp), a statutory corporation of New South Wales.

This material is of a general nature only and does not take into account your investment objectives, financial situation or needs. This material does not constitute investment advice. It should not be relied upon in determining whether to invest in a TCorpIM Fund. TCorp recommends you seek your own legal and financial advice before proceeding with any investment decision.

While this material has been formulated with all due care, TCorp does not warrant or represent that the material is free from errors or omissions, or that it is exhaustive. TCorp takes no responsibility for the accuracy, adequacy, currency or completeness of any information included in the material provided by third parties. Except where contrary to law, TCorp will not be liable for any loss, damage, cost or expense (whether direct or indirect) incurred by you as a result of the use of, or reliance on, the information contained in this material.

This material is not intended to forecast or predict future events. Past performance is not a guarantee or a reliable indicator of future performance. The material is subject to change without notice and TCorp is not under any obligation to update the information or correct any inaccuracy which may become apparent at a later date.

Unauthorised copying and distribution of this material is prohibited.

© New South Wales Treasury Corporation 2021. 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\$113 billion of assets under management, TCorp is a top 5 Australian investment manager and is the central borrowing authority of the state of NSW, with a balance sheet of A\$128 billion. It is rated Aaa (Stable) by Moody's and AA+ (Stable) by S&P.