

Weekly economic report

21 August 2023

Financial markets charts

The week that was

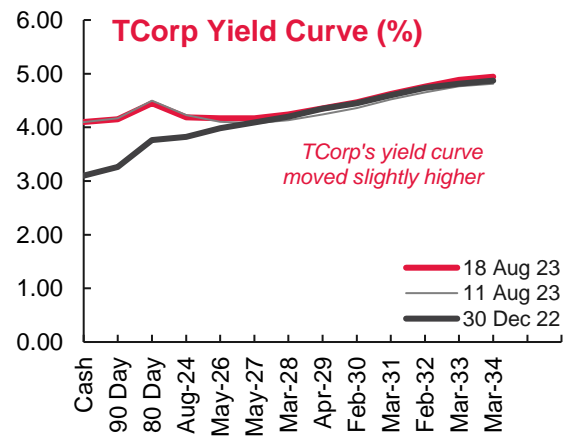
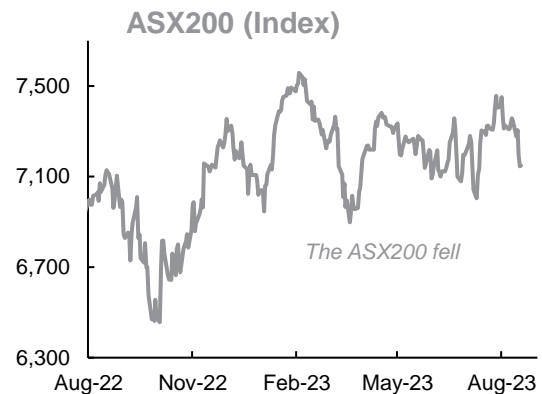
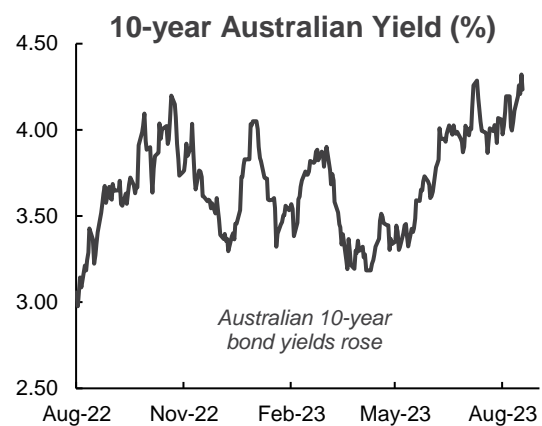
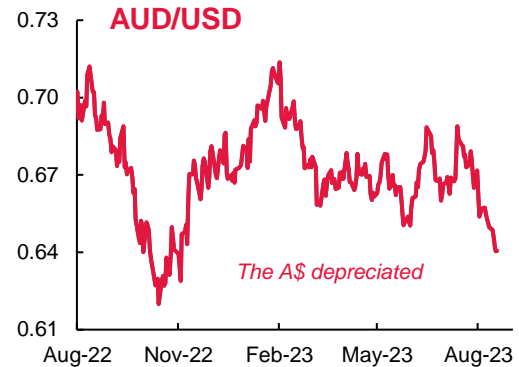
- The Wage Price Index, a key measure of Australian wages growth, rose by 0.8% in the June quarter, slightly less than expected. Reserve Bank of Australia (RBA) August meeting minutes suggest that the RBA is more comfortable that inflation could return to target while securing some of the gains in the labour market. That remains tight, although conditions have loosened, with employment unexpectedly falling in July and the unemployment rate rising to 3.7%. Australian 10-year bond yields rose 12bps and the ASX200 fell 2.6%.
- US retail sales in July were stronger than expected, suggesting that US consumers remain resilient. Minutes from the Federal Open Market Committee's July meeting were interpreted as hawkish but didn't elicit a notable market reaction. US 10-year bond yields rose 10bps and the S&P500 fell 2.1%.
- In China, economic activity was again weaker than expected in July. The People's Bank of China cut 2 key interest rates by 10-15bps to stimulate domestic demand.
- The Reserve Bank of New Zealand left its policy interest rate unchanged, as expected.
- The Australian dollar depreciated further last week and has fallen by 7.5% against the US dollar since mid-July. Oil prices fell by 2.3% last week after rising strongly since late June.

Economic calendar

Monday 21/08	
Tuesday 22/08	US: Existing home sales, Jul; Richmond Fed Manufacturing index Aug
Wednesday 23/08	Global: PMIs, Aug (prelim) US: Quarterly Census of Employment and Wages, Mar qtr; New homes sales, Jul; Weekly jobless claims; Durable goods orders, Jul (prelim) CA: Retail sales, Jun
Thursday 24/08	US: Federal Reserve Jackson Hole Economic Symposium begins EC: Consumer confidence, Aug (prelim)
Friday 25/08	US: University of Michigan sentiment, Aug (final) GE: GDP, Jun qtr (final); IFO Business climate, Aug JN: Tokyo CPI, Aug

The week ahead

- The annual US Federal Reserve's Jackson Hole Economic Symposium begins to discuss 'Structural Shifts in the Global Economy.'
- Global Purchasing Managers' Index (PMI) data will provide a preliminary read of global economic activity in August.



Financial markets data: Week ending 18 August 2023

INTEREST RATES	CLOSE (%)	1 WEEK (BPS)		YTD (BPS)	
RBA Cash Rate	4.10	0	—	100	▲
90-day BBSW	4.15	-2	▼	89	▲
3-year Australian Bond Yield	3.89	6	▲	38	▲
10-year Australian Bond Yield	4.23	12	▲	18	▲
20-year Australian Bond Yield	4.55	14	▲	18	▲
10-year Australian Break-Even Inflation	2.50	5	▲	4	▲
10-year Australian Real Yield	1.73	8	▲	14	▲
Fed Funds Rate (lower bound)	5.25	0	—	100	▲
2-year US Treasury Yield	4.94	5	▲	52	▲
10-year US Treasury Yield	4.25	10	▲	38	▲
30-year US Treasury Yield	4.38	11	▲	41	▲
10-year German Bund Yield	2.62	0	▼	5	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
1.00% 8 February 2024	4.18	-4	▼	44	▲
5.00% 20 August 2024	4.19	-4	▼	36	▲
1.25% 20 March 2025	4.23	4	▲	39	▲
4.00% 20 May 2026	4.17	7	▲	19	▲
3.00% 20 May 2027	4.17	9	▲	8	▲
3.00% 20 March 2028	4.24	11	▲	4	▲
3.00% 20 April 2029	4.35	11	▲	1	▲
3.00% 20 February 2030	4.47	11	▲	1	▲
2.00% 20 March 2031	4.62	11	▲	3	▲
1.50% 20 February 2032	4.76	11	▲	2	▲
2.00% 8 March 2033	4.89	12	▲	8	▲
3.50% 20 March 2034	4.94	13	▲	7	▲
2.75% 20 November 2025 CIB	1.26	-4	▼	45	▲
2.50% 20 November 2035 CIB	2.45	4	▲	1	▲
10-year NSW TCorp Bond Yield	4.88	12	▲	12	▲
10-year TCV (Victoria) Spread	0.03	-1	▼	-2	▼
10-year QTC (Queensland) Spread	-0.09	0	▲	-3	▼
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	7,148	-2.6%	▼	1.6%	▲
S&P500 (US)	4,370	-2.1%	▼	13.8%	▲
FTSE 100 (UK)	7,262	-3.5%	▼	-2.5%	▼
DJ Stoxx600 (Europe)	448	-2.3%	▼	5.5%	▲
Nikkei 225 (Japan)	31,451	-3.1%	▼	20.5%	▲
Shanghai Composite (China)	3,132	-1.8%	▼	1.4%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.641	-1.4%	▼	-6.0%	▼
EUR/USD	1.087	-0.7%	▼	1.6%	▲
USD/JPY	145.39	0.3%	▲	10.9%	▲
GBP/USD	1.27	0.3%	▲	5.4%	▲
US\$ Index	103.38	0.5%	▲	-0.1%	▼
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	84.80	-2.3%	▼	-1.3%	▼
Iron Ore (US\$/t)	107.25	2.3%	▲	-3.6%	▼
Coking Coal (US\$/t)	201.34	0.5%	▲	-44.1%	▼
Gold (US\$/oz)	1,889.31	-1.3%	▼	3.6%	▲

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\$108 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\$154 billion. It is rated Aaa (Stable) by Moody's, AAA (Stable) by Fitch, and AA+ (Stable) by S&P.