

## The week that was

- Geopolitical tensions, with a potential Russian invasion of Ukraine, made for choppy markets. Inflation concerns also remained prominent. Still, with risk appetite sliding on geopolitical woes, surging rate hike expectations took a breather, notably in the US.
- US economic releases in January were firm, with retail spending up 3.8% and industrial production up 1.4%. Producer price inflation was strong. The FOMC's January meeting minutes did not deliver any surprises. The outlook for Fed tightening, commencing in March, remained intact as a result.
- In Australia, the employment report was robust. The unemployment rate held at 4.2% in January, a very low level. Employment rose above its pre-COVID levels.
- Global bond yields were mixed. The US 10-year yield declined 1bp to 1.93%, and the German 10-year yield was down 11bps to 0.19%. However, Australian 10-year yields lifted 4bps to 2.25%. TCorp's 10-year yield also rose 4bps, to 2.63%.
- Global equity markets weakened with the US S&P500 losing 1.6% and the European Stoxx600 down 1.9%. However, the Australian ASX200 closed 0.1% higher.
- The Australian dollar closed up 0.6% at US\$0.718.

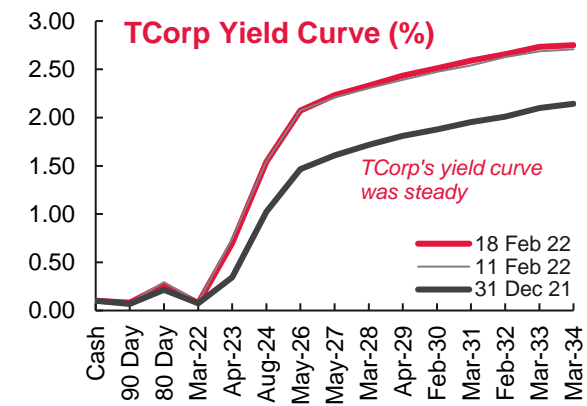
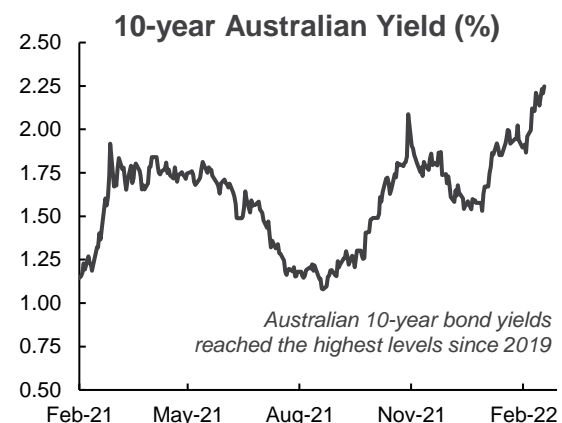
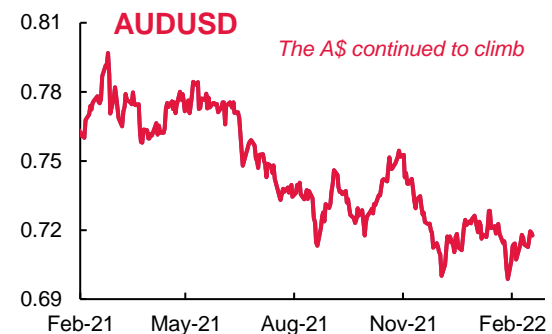
## Economic calendar

<b>Monday 21/02</b>	AU: Markit Australia PMIs, Feb (prelim) CH: New house prices, Jan
<b>Tuesday 22/02</b>	AU: RBA Assistant Governor Kent speech
<b>Wednesday 23/02</b>	AU: Construction work done, Dec qtr Wage price index, Dec qtr NZ: RBNZ rate decision US: Markit US PMIs, Feb (prelim)
<b>Thursday 24/02</b>	AU: Private capex, Dec qtr
<b>Friday 25/02</b>	US: GDP, Dec qtr (second estimate), New home sales, Jan, Personal income, Jan, Personal spending, Jan, Durable goods orders, Jan (prelim), PCE deflator, Jan

## The week ahead

- The local focus will be the Q4 2021 wage price index. With the Reserve Bank of Australia continually indicating its importance for the pathway for rate hikes, markets will be attuned to any surprises. PMIs and capex data are also due.
- Globally, the US personal income and PCE deflator releases should stand out. The deflator estimate will be an update on the pace of underlying inflation, crucial to the Fed's next move.

## Financial markets charts



## Financial markets data: Week ending 18 February 2022

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.10	0	—	0	—
90-day BBSW	0.08	0	▼	1	▲
3-year Australian Bond Yield	1.64	-2	▼	73	▲
10-year Australian Bond Yield	2.25	4	▲	58	▲
20-year Australian Bond Yield	2.72	7	▲	45	▲
10-year Australian Break-Even Inflation	2.22	-2	▼	-5	▼
10-year Australian Real Yield	0.02	6	▲	63	▲
Fed Funds Rate (lower bound)	0.00	0	—	0	—
2-year US Treasury Yield	1.47	-3	▼	73	▲
10-year US Treasury Yield	1.93	-1	▼	42	▲
30-year US Treasury Yield	2.24	0	▲	34	▲
10-year German Bund Yield	0.19	-11	▼	37	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
6.00% 1 March 2022	0.08	-1	▼	0	▲
4.00% 20 April 2023	0.70	-5	▼	36	▲
1.00% 8 February 2024	1.33	0	▲	50	▲
5.00% 20 August 2024	1.54	0	▼	52	▲
4.00% 20 May 2026	2.07	0	▲	61	▲
3.00% 20 May 2027	2.23	2	▲	62	▲
3.00% 20 March 2028	2.33	3	▲	62	▲
3.00% 20 April 2029	2.43	4	▲	62	▲
3.00% 20 February 2030	2.51	4	▲	63	▲
2.00% 20 March 2031	2.59	5	▲	64	▲
1.50% 20 February 2032	2.66	3	▲	65	▲
2.00% 8 March 2033	2.73	4	▲	63	▲
3.50% 20 March 2034	2.75	4	▲	61	▲
2.75% 20 November 2025 CIB	-0.84	-12	▼	20	▲
2.50% 20 November 2035 CIB	0.64	6	▲	60	▲
10-year NSW TCorp Bond Yield	2.63	4	▲	66	▲
10-year TCV (Victoria) Spread	0.03	1	▲	-1	▼
10-year QTC (Queensland) Spread	-0.01	0	▲	-2	▼
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	7,222	0.1%	▲	-3.0%	▼
S&P500 (US)	4,349	-1.6%	▼	-8.8%	▼
FTSE 100 (UK)	7,514	-1.9%	▼	1.7%	▲
DJ Stoxx600 (Europe)	461	-1.9%	▼	-5.5%	▼
Nikkei 225 (Japan)	27,122	-2.1%	▼	-5.8%	▼
Shanghai Composite (China)	3,491	0.8%	▲	-4.1%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.718	0.6%	▲	-1.2%	▼
EUR/USD	1.132	-0.2%	▼	-0.4%	▼
USD/JPY	115.01	-0.4%	▼	-0.1%	▼
GBP/USD	1.36	0.2%	▲	0.4%	▲
US\$ Index	96.04	0.0%	▼	0.4%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	93.54	-1.0%	▼	20.3%	▲
Iron Ore (US\$/t)	133.22	-11.1%	▼	10.0%	▲
Coking Coal (US\$/t)	2,590.50	3.4%	▲	26.2%	▲
Gold (US\$/oz)	1,898.43	2.1%	▲	3.8%	▲

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