

Weekly Economic Report

21 November 2022

Financial markets charts

The week that was

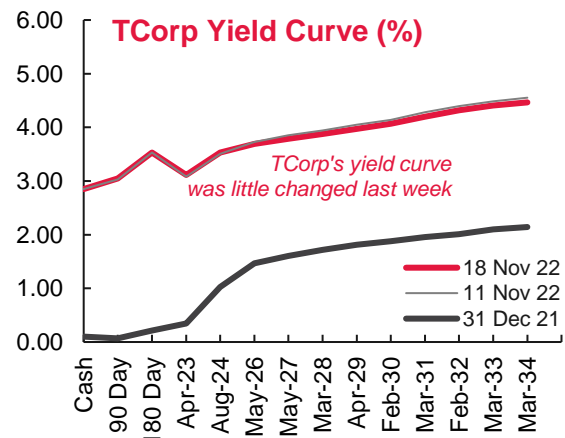
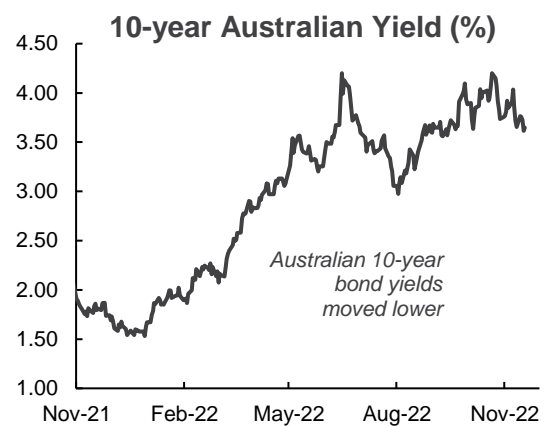
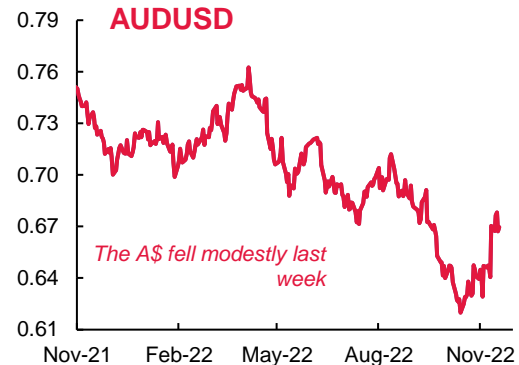
- Despite robust Australian employment and wage data and the NSW unemployment rate falling to 3% – the nation's lowest – Australian bond yields moved lower. The 10-year bond yield fell by 4bps to 3.61%, in line with its average level over the past 6 months.
- In contrast, US bond yields moved higher. The 10-year bond yield rose 2bps, and 2-year yields climbed 20bps. The rise in shorter-dated yields reflects the risk that US policymakers continue to tighten monetary policy aggressively, with several Fed officials making hawkish remarks last week.
- Higher bond yields took a toll on risk appetite with equities mainly lower. The US share market fell 0.7%, Australian stocks slipped 0.1% and Japanese equities declined by 1.3%. European shares, however, managed to rise 0.2%.
- Perhaps the most notable movement last week was the 8.7% drop in Brent crude oil prices. This again reflects caution about future demand given rising risks of global recession. Lower commodities were also reflected in a modest decline in the Australian dollar – which fell by 0.4% against the US dollar.

Economic calendar

Monday 21/11	
Tuesday 22/11	AU: RBA Governor speech
Wednesday 23/11	Global: Purchasing Managers Indexes NZ: RBNZ policy meeting
Thursday 24/11	EU: German IFO business survey US: Thanksgiving Day Holiday
Friday 25/11	

The week ahead

- It's a quiet week for economic events, with the US Thanksgiving Day holiday and the football World Cup likely distracting investors.
- In Australia, a speech by the Reserve Bank of Australia Governor is likely to set the scene for what factors will determine the fate of interest rates in 2023.
- Two other central banks are reviewing their policy settings this week – the Reserve Bank of New Zealand and the Swedish central bank. Both are expected to raise interest rates by 75bps. That said, some other central banks have surprised markets with smaller rate hikes in recent weeks.
- Finally, Purchasing Managers' Indexes will highlight how business conditions are evolving as we head towards the end of the year.



Financial markets data: Week ending 18 November 2022

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	2.85	0	—	275	▲
90-day BBSW	3.05	1	▲	298	▲
3-year Australian Bond Yield	3.21	4	▲	229	▲
10-year Australian Bond Yield	3.61	-4	▼	194	▲
20-year Australian Bond Yield	4.06	-6	▼	179	▲
10-year Australian Break-Even Inflation	2.27	-9	▼	0	▲
10-year Australian Real Yield	1.34	5	▲	194	▲
Fed Funds Rate (lower bound)	3.75	0	—	375	▲
2-year US Treasury Yield	4.53	20	▲	380	▲
10-year US Treasury Yield	3.83	2	▲	232	▲
30-year US Treasury Yield	3.93	-9	▼	202	▲
10-year German Bund Yield	2.01	-15	▼	219	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 20 April 2023	3.10	2	▲	275	▲
1.00% 8 February 2024	3.47	3	▲	264	▲
5.00% 20 August 2024	3.50	0	▼	248	▲
1.25% 20 March 2025	3.49	-6	▼	227	▲
4.00% 20 May 2026	3.67	-6	▼	220	▲
3.00% 20 May 2027	3.76	-9	▼	216	▲
3.00% 20 March 2028	3.84	-10	▼	213	▲
3.00% 20 April 2029	3.94	-12	▼	213	▲
3.00% 20 February 2030	4.03	-11	▼	215	▲
2.00% 20 March 2031	4.16	-12	▼	220	▲
1.50% 20 February 2032	4.28	-12	▼	227	▲
2.00% 8 March 2033	4.36	-13	▼	226	▲
3.50% 20 March 2034	4.43	-13	▼	228	▲
2.75% 20 November 2025 CIB	0.23	9	▲	130	▲
2.50% 20 November 2035 CIB	2.10	6	▲	207	▲
10-year NSW TCorp Bond Yield	4.30	-14	▼	232	▲
10-year TCV (Victoria) Spread	0.02	2	▲	-2	▼
10-year QTC (Queensland) Spread	-0.07	0	▲	-9	▼
Equities	Close	1 Week		YTD	
S&P/ASX 200 (Australia)	7,152	-0.1%	▼	-3.9%	▼
S&P 500 (US)	3,965	-0.7%	▼	-16.8%	▼
FTSE 100 (UK)	7,386	0.9%	▲	0.0%	▲
DJ Stoxx 600 (Europe)	433	0.2%	▲	-11.2%	▼
Nikkei 225 (Japan)	27,900	-1.3%	▼	-3.1%	▼
Shanghai Composite (China)	3,097	0.3%	▲	-14.9%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.667	-0.4%	▼	-8.1%	▼
EUR/USD	1.033	-0.2%	▼	-9.2%	▼
USD/JPY	140.37	1.1%	▲	22.0%	▲
GBP/USD	1.19	0.5%	▲	-12.1%	▼
US\$ Index	106.93	0.6%	▲	11.8%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	87.62	-8.7%	▼	12.7%	▲
Iron Ore (US\$/t)	93.90	3.8%	▲	-16.5%	▼
Coking Coal (US\$/t)	2,720.50	-11.7%	▼	32.5%	▲
Gold (US\$/oz)	1,750.68	-1.2%	▼	-4.3%	▼

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