

## The week that was

- Reverberations from the US-China trade deal announcement, and some positive US corporate earnings, continued to support risk sentiment last week. The S&P500 rose 0.6% while stocks were 3.2% higher in Japan. Brexit drama weighed on European markets, with the FTSE index falling 1.3% and the STOXX 600 rising only 0.1%. The ASX200 was 0.6% higher. Bonds prices were slightly weaker. The US 10-year yield rose 2bps to 1.75% while the Australian 10-year yield gained 9bps to 1.02%.
- Brexit took the centre stage of geopolitical developments last week. Prime Minister Boris Johnson successfully reached a last-minute deal with the European Union only to see it delayed again by the UK parliament on Saturday, forcing him to ask for another extension from the EU.
- Economic data from China and the US last week again illustrated the impact on both economies from the ongoing trade war. Q3 GDP in China grew 6% in annual terms, which is right at the lower bound of the 6-6.5% annual guidance range given by the central government. In the US, industrial production fell 0.4% while retail sales shrank 0.3% in September, both well below expectations.
- Minutes from the October RBA policy meeting left the door open for further rate cuts, although the exact timing remains vague.
- The Australian labour market produced a decent monthly report. The unemployment rate fell from 5.3% to 5.2% while total employment rose 14.7K in the month, in line with expectations.

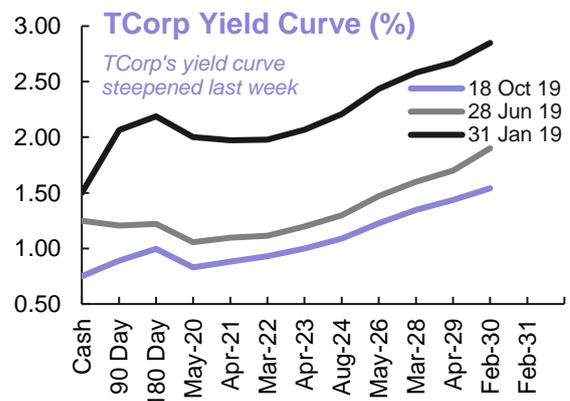
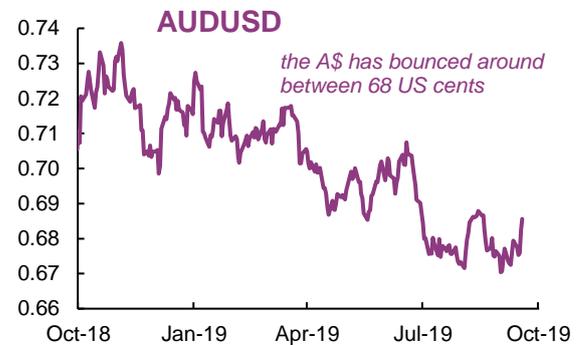
## Economic calendar

<b>Wednesday</b> 23/10	AU: RBA Kent panel participation
<b>Thursday</b> 24/10	EU: ECB meeting, GE: Manufacturing/Services PMIs
<b>Friday</b> 25/10	US: Manufacturing/Services PMI, Durable goods orders GE: IFO Business survey

## The week ahead

- This will be a very quiet week in Australia with no major economic releases. Assistant RBA Governor Christopher Kent will participate in a panel discussion on Wednesday.
- Global investors will farewell ECB President Mario Draghi at his last monetary policy meeting this week before Ms Christine Lagarde takes over at the end of October. Manufacturing and services PMI surveys in Germany and the US will also be of interest.

## Financial markets charts



## Financial markets data: Week ending 18 October 2019

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.75	0	–	-75	▼
90-day BBSW	0.89	5	▲	-120	▼
3-year Australian Bond Yield	0.76	8	▲	-109	▼
10-year Australian Bond Yield	1.10	9	▲	-122	▼
20-year Australian Bond Yield	1.60	9	▲	-108	▼
10-year Australian Break-Even Inflation	1.25	5	▲	-38	▼
10-year Australian Real Yield	-0.15	3	▲	-83	▼
Fed Funds Rate (lower bound)	1.75	0	–	-50	–
2-year US Treasury Yield	1.57	-2	▼	-91	▼
10-year US Treasury Yield	1.75	2	▲	-93	▼
30-year US Treasury Yield	2.25	6	▲	-77	▼
10-year German Bund Yield	-0.38	6	▲	-62	▼
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
6.00% 1 May 2020	0.83	8	▲	-119	▼
4.00% 8 April 2021	0.88	8	▲	-114	▼
6.00% 1 March 2022	0.93	9	▲	-112	▼
4.00% 20 April 2023	1.00	8	▲	-118	▼
5.00% 20 August 2024	1.09	9	▲	-123	▼
4.00% 20 May 2026	1.23	8	▲	-131	▼
3.00% 20 May 2027	1.35	9	▲	-132	▼
3.00% 20 March 2028	1.43	9	▲	-131	▼
3.00% 20 April 2029	1.54	9	▲	-131	▼
3.00% 20 February 2030	1.59	9	▲	-131	▼
3.75% 20 August 2020 CIB	-0.32	-1	▼	-98	▼
2.75% 20 November 2025 CIB	0.09	5	▲	-83	▼
2.50% 20 November 2035 CIB	0.65	1	▲	-59	▼
10-year NSW TCorp Bond Yield	1.59	9	▲	-123	▼
10-year TCV (Victoria) Spread	-0.02	0	▼	2	▲
10-year QTC (Queensland) Spread	0.03	-1	▼	-3	▼
Equities	Close	1 Week		YTD	
S&P/ASX 200 (Australia)	6,650	0.6%	▲	17.8%	▲
S&P 500 (US)	2,986	0.5%	▲	19.1%	▲
FTSE 100 (UK)	7,151	-1.3%	▼	6.3%	▲
DJ Stoxx 600 (Europe)	392	0.1%	▲	16.0%	▲
Nikkei 225 (Japan)	22,493	3.2%	▲	12.4%	▲
Shanghai Composite (China)	2,938	-1.2%	▼	17.8%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.686	0.9%	▲	-2.7%	▼
EUR/USD	1.117	1.1%	▲	-2.6%	▼
USD/JPY	108.45	0.1%	▲	-1.1%	▼
GBP/USD	1.30	2.5%	▲	1.8%	▲
US\$ Index	97.28	-1.0%	▼	1.2%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	59.42	-1.8%	▼	10.4%	▲
Iron Ore (US\$/t)	89.43	-3.3%	▼	25.7%	▲
Coking Coal (US\$/t)	1,299.50	0.0%	–	-10.1%	▼
Gold (US\$/oz)	1,490.05	0.1%	▲	16.2%	▲

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