

## The week that was

- Australian employment was stronger than expected in August with the unemployment rate falling to 6.8%. This was good news for the Australian economy even though it was driven by an upsurge in 'self-employed' people rather than an increase in hiring by businesses. Australian Treasurer Josh Frydenberg said that the real unemployment rate was probably around 9.3%.
- Chinese economic data was also better than the market expected, with retail sales in August now higher than they were a year ago. That said, the recovery in production has far exceeded the rebound in demand so far. In contrast, US retail sales were slightly weaker than expected.
- The Australian equity market managed to close 0.1% higher over the week, while European stocks edged up by 0.2%. Other equity markets, however, were mostly lower with Japanese stocks declining by 0.2% and the US S&P500 falling 0.6% following a lack of new policy support from the US central bank. The absence of further monetary policy stimulus also contributed to a modest rise in US bond yields while Australian yields edged lower.

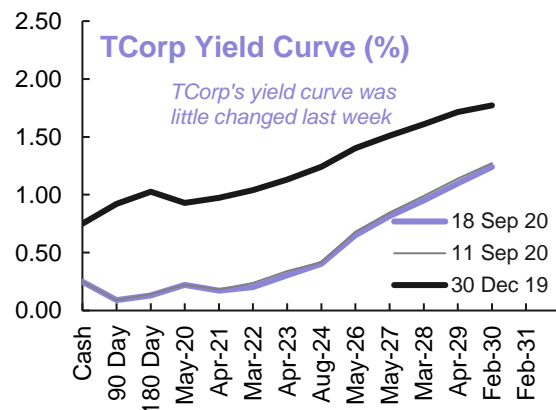
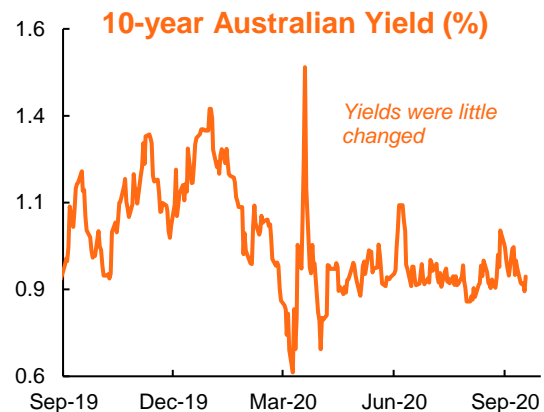
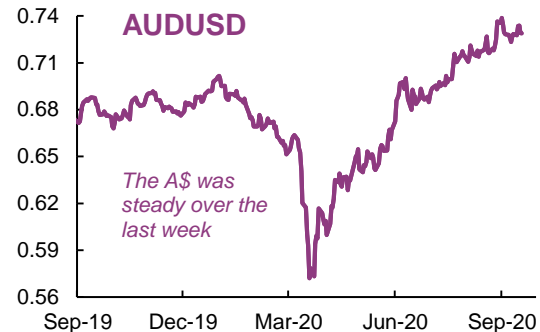
## Economic calendar

<b>Monday</b> 21/09	US: Chicago Fed National Activity Index
<b>Tuesday</b> 22/09	AU: RBA deputy Governor Debelle speech AU: Weekly payrolls data
<b>Wednesday</b> 23/09	AU: Preliminary retail sales, Aug Global: PMIs, Sep
<b>Thursday</b> 24/09	EU: German IFO business survey, Sep US: Initial jobless claims
<b>Friday</b> 25/09	AU: Preliminary trade balance, Aug US: Durable goods orders, Aug

## The week ahead

- The Reserve Bank of Australia (RBA) has been hinting that it is considering delivering further stimulus to support the recovery in growth in recent weeks. Despite that, markets were disappointed last week as the minutes of the RBA's September policy meeting failed to provide any new information. This week, RBA deputy Governor Debelle will speak on "The Australian economy and monetary policy" which might provide more insights into what the RBA may be considering.
- Globally, the focus will be on the Purchasing Managers' Indexes for both the manufacturing and service sectors. After a strong initial rebound in activity after the economic shutdowns in March and April, momentum has declined more recently. As such, investors will be hoping that these data continue to reflect further improvement in overall conditions in September.

## Financial markets charts



## Financial markets data: Week ending 18 September 2020

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.25	0	—	-50	▼
90-day BBSW	0.09	0	—	-83	▼
3-year Australian Bond Yield	0.23	-2	▼	-67	▼
10-year Australian Bond Yield	0.89	-2	▼	-48	▼
20-year Australian Bond Yield	1.62	-1	▼	-25	▼
10-year Australian Break-Even Inflation	1.29	-2	▼	-12	▼
10-year Australian Real Yield	-0.40	-1	▼	-37	▼
Fed Funds Rate (lower bound)	0.00	0	—	-150	▼
2-year US Treasury Yield	0.14	1	▲	-143	▼
10-year US Treasury Yield	0.69	3	▲	-122	▼
30-year US Treasury Yield	1.45	4	▲	-94	▼
10-year German Bund Yield	-0.49	0	▼	-30	▼
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 8 April 2021	0.17	-1	▼	-83	▼
6.00% 1 March 2022	0.20	-4	▼	-86	▼
4.00% 20 April 2023	0.31	-3	▼	-86	▼
1.00% 8 February 2024	0.39	0	▼	-89	▼
5.00% 20 August 2024	0.40	-1	▼	-88	▼
4.00% 20 May 2026	0.65	-3	▼	-80	▼
3.00% 20 May 2027	0.82	-3	▼	-76	▼
3.00% 20 March 2028	0.95	-4	▼	-72	▼
3.00% 20 April 2029	1.10	-4	▼	-68	▼
3.00% 20 February 2030	1.24	-3	▼	-60	▼
2.00% 20 March 2031	1.39	-2	▼	-57	▼
2.00% 20 March 2032	1.58	-2	▼	n/a	n/a
2.00% 20 March 2033	1.70	-2	▼	-49	▼
3.75% 20 August 2020 CIB	2.04	19	▲	274	▲
2.75% 20 November 2025 CIB	-0.21	-1	▼	-29	▼
2.50% 20 November 2035 CIB	0.48	0	—	n/a	n/a
10-year NSW TCorp Bond Yield	1.34	-3	▼	-50	▼
10-year TCV (Victoria) Spread	-0.03	0	—	-1	▼
10-year QTC (Queensland) Spread	-0.02	-1	▼	-5	▼
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	5,865	0.1%	▲	-12.3%	▼
S&P500 (US)	3,319	-0.6%	▼	2.7%	▲
FTSE 100 (UK)	6,007	-0.4%	▼	-20.4%	▼
Euro Stoxx 600 (Europe)	369	0.2%	▲	-11.3%	▼
Nikkei 225 (Japan)	23,360	-0.2%	▼	-1.3%	▼
Shanghai Composite (China)	3,338	2.4%	▲	9.4%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.729	0.1%	▲	4.0%	▲
EUR/USD	1.184	-0.1%	▼	5.6%	▲
USD/JPY	104.57	-1.5%	▼	-3.7%	▼
GBP/USD	1.29	0.9%	▲	-2.0%	▼
US\$ Index	92.93	-0.4%	▼	-3.6%	▼
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	43.15	8.3%	▲	-34.6%	▼
Iron Ore (US\$/t)	126.42	-0.9%	▼	38.1%	▲
Coking Coal (US\$/t)	1,281.00	4.5%	▲	6.1%	▲
Gold (US\$/oz)	1,950.86	0.5%	▲	28.6%	▲

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