

Financial markets charts

The week that was

- US and European central bank officials continue to push back on investors expecting imminent interest rate cuts. Relative to the end of 2023, investors now see a lower likelihood of rate cuts commencing in the first quarter of 2024 and expect fewer rate cuts over the year. This reassessment saw global bond yields rise last week; US 10-year yields rose by 18bps and Australian 10-year bond yields were 22bps higher. Some stronger-than-expected US economic data, particularly retail sales, also supported the rise in US bond yields.
- Moves in equity markets were mixed. The S&P500 gained 1.2% and the ASX200 fell 1%. The Australian dollar depreciated by 1.3%.
- In Australia, employment fell sharply in December and the unemployment rate was unchanged at 3.9%. However, looking through monthly volatility, a softening in the labour market is evident, with full-time employment and total hours worked falling further.
- China's economy grew by 5.2% in 2023, but deflationary pressures saw nominal GDP grow at its slowest rate in almost 50 years, with weak consumer spending and an anaemic property sector.
- Inflation prints in the UK and Canada were higher than expected last week. Although global inflationary pressures continue to ease, the path back to central banks' inflation targets may not be smooth.

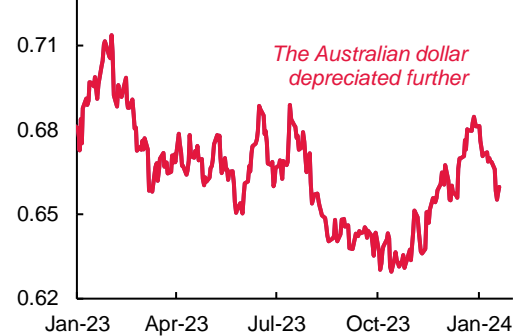
Economic calendar

Monday 22/01	
Tuesday 23/01	AU: NAB business sentiment, Dec JP: Bank of Japan policy decision
Wednesday 24/01	Global: PMIs, Jan (prelim) CA: Bank of Canada policy decision
Thursday 25/01	EU: ECB policy decision US: GDP, Dec qtr (adv); New home sales, Dec
Friday 26/01	US: Core PCE deflator, Dec; Pending home sales, Dec JP: Tokyo CPI, Jan

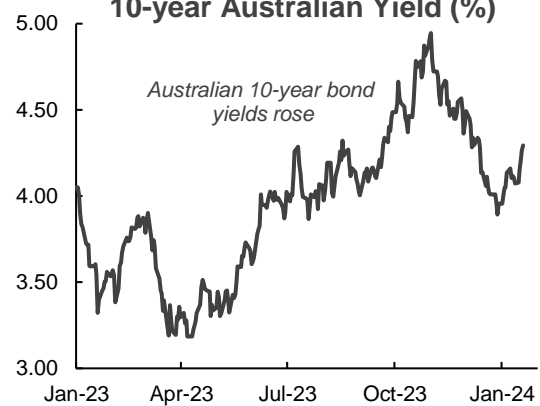
The week ahead

- The focus will be on policy decisions from the Bank of Japan, European Central Bank and Bank of Canada. Although all are expected to hold interest rates steady, close attention will be paid to the commentary accompanying the decisions for insights into the outlook for monetary policy.
- US inflation and GDP data will be the highlight this week. Investors will be hoping that inflation continued to moderate in December while economic activity remained resilient.

AUD/USD



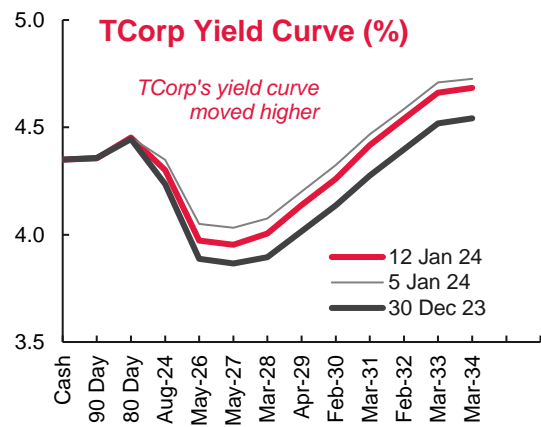
10-year Australian Yield (%)



ASX200 (Index)



TCorp Yield Curve (%)



Financial markets data: Week ending 19 January 2024

INTEREST RATES	CLOSE (%)	1 WEEK (BPS)		YTD (BPS)	
RBA Cash Rate	4.35	0	—	0	—
90-day BBSW	4.34	-2	▼	-2	▼
3-year Australian Bond Yield	3.86	17	▲	25	▲
10-year Australian Bond Yield	4.29	22	▲	34	▲
20-year Australian Bond Yield	4.59	21	▲	34	▲
10-year Australian Break-Even Inflation	2.59	4	▲	2	▲
10-year Australian Real Yield	1.71	18	▲	32	▲
Fed Funds Rate (lower bound)	5.25	0	—	0	—
2-year US Treasury Yield	4.38	24	▲	13	▲
10-year US Treasury Yield	4.12	18	▲	24	▲
30-year US Treasury Yield	4.33	15	▲	30	▲
10-year German Bund Yield	2.34	16	▲	32	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
1.00% 8 February 2024	4.32	1	▲	0	▲
5.00% 20 August 2024	4.33	3	▲	9	▲
1.25% 20 March 2025	4.25	12	▲	21	▲
4.00% 20 May 2026	4.12	15	▲	24	▲
3.00% 20 May 2027	4.13	18	▲	26	▲
3.00% 20 March 2028	4.17	17	▲	28	▲
3.00% 20 April 2029	4.31	17	▲	30	▲
3.00% 20 February 2030	4.44	18	▲	30	▲
2.00% 20 March 2031	4.60	18	▲	32	▲
1.50% 20 February 2032	4.73	19	▲	33	▲
2.00% 8 March 2033	4.85	19	▲	33	▲
1.75% 20 March 2034	4.96	19	▲	34	▲
2.75% 20 November 2025 CIB	1.36	17	▲	29	▲
2.50% 20 November 2035 CIB	2.37	19	▲	30	▲
10-year NSW TCorp Bond Yield	4.89	19	▲	33	▲
10-year TCV (Victoria) Spread	0.10	-1	▼	-1	▼
10-year QTC (Queensland) Spread	-0.07	1	▲	1	▲
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	7,421	-1.0%	▼	-2.2%	▼
S&P500 (US)	4,840	1.2%	▲	1.5%	▲
FTSE 100 (UK)	7,462	-2.1%	▼	-3.5%	▼
DJ Stoxx600 (Europe)	469	-1.6%	▼	-2.0%	▼
Nikkei 225 (Japan)	35,963	1.1%	▲	7.5%	▲
Shanghai Composite (China)	2,832	-1.7%	▼	-4.8%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.660	-1.3%	▼	-3.2%	▼
EUR/USD	1.090	-0.5%	▼	-1.3%	▼
USD/JPY	148.12	2.2%	▲	5.0%	▲
GBP/USD	1.27	-0.4%	▼	-0.2%	▼
US\$ Index	103.29	0.9%	▲	1.9%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	78.56	0.3%	▲	2.0%	▲
Iron Ore (US\$/t)	133.96	-0.2%	▼	-1.8%	▼
Coking Coal (US\$/t)	240.42	-13.8%	▼	-12.8%	▼
Gold (US\$/oz)	2,029.49	-1.0%	▼	-1.6%	▼

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 99 235 825

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