

## The week that was

- Australian labour force data proved to be weaker than expected in May. The unemployment rate bounced to 7.1% with 227,700 jobs lost (-78,800 expected). Participation fell to 62.9% and the underutilisation rate, a measure of spare capacity, hit a record high 20.2%. While ABS payrolls data indicated April may have been the trough for job losses, this is likely supported by the temporary JobKeeper stimulus.
- May retail sales rebounded very strongly in the US (+17.7%) in Australia (16.3%), following their sharp contraction in April. This suggests fiscal stimulus is flowing through the economies rather than being saved.
- US industrial production rose 1.4% in May, which was less than the 3% expected, and sits 15.4% below pre-pandemic levels. There are also signs of improved manufacturing conditions in June with the NY Empire State manufacturing index rising to -0.2, from -48.5 in April, and the Philly Fed manufacturing index rebounding to +27.5.
- China's industrial production continued to recover in May growing 4.4% y/y, although at a slower rate than expected. Retail sales also lifted to -2.8% y/y and the service production index returned to positive growth at +1.0% y/y.

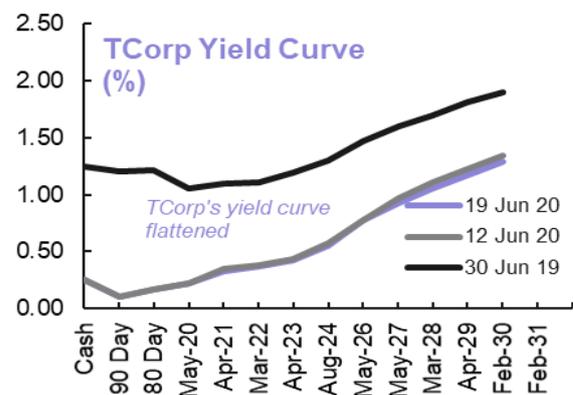
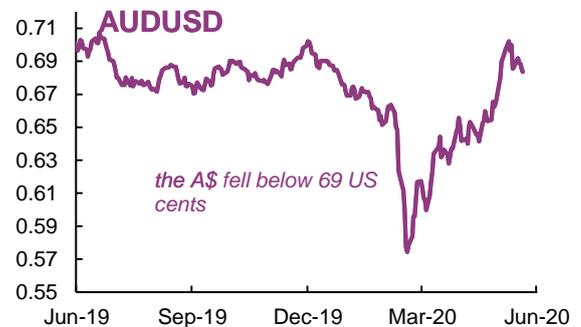
## Economic calendar

<b>Monday</b> 22/06	AU: RBA Lowe speaks
<b>Tuesday</b> 23/06	EC: Markit Manufacturing, June
<b>Wednesday</b> 24/06	NZ: RBNZ Cash Rate, June AU: ABS COVID-19 Business Survey, June
<b>Thursday</b> 25/06	US: Durable Goods, May
<b>Friday</b> 26/06	US: PCE Core Deflator, May

## The week ahead

- RBA Governor Lowe will speak on Monday on the global economy and COVID-19. Lowe may include an updated view on how the domestic economy is tracking against the forecast scenarios.
- There will be continued focus on COVID-19 cases, particularly in Beijing and the US, where there has been some growth in the past week.

## Financial markets charts



## Financial markets data: Week ending 19 June 2020

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.25	0	–	-50	▼
90-day BBSW	0.11	0	▲	-82	▼
3-year Australian Bond Yield	0.25	0	▼	-66	▼
10-year Australian Bond Yield	0.86	-5	▼	-51	▼
20-year Australian Bond Yield	1.60	-3	▼	-27	▼
10-year Australian Break-Even Inflation	1.09	4	▲	-32	▼
10-year Australian Real Yield	-0.23	-9	▼	-19	▼
Fed Funds Rate (lower bound)	0.00	0	–	-150	▼
2-year US Treasury Yield	0.19	-1	▼	-138	▼
10-year US Treasury Yield	0.69	-1	▼	-122	▼
30-year US Treasury Yield	1.46	0	▲	-93	▼
10-year German Bund Yield	-0.42	2	▲	-23	▼
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 8 April 2021	0.33	-3	▼	-67	▼
6.00% 1 March 2022	0.38	-1	▼	-69	▼
4.00% 20 April 2023	0.43	-1	▼	-74	▼
1.00% 8 February 2024	0.52	-1	▼	-76	▼
5.00% 20 August 2024	0.55	-2	▼	-73	▼
4.00% 20 May 2026	0.77	0	▲	-68	▼
3.00% 20 May 2027	0.93	-4	▼	-65	▼
3.00% 20 March 2028	1.06	-5	▼	-61	▼
3.00% 20 April 2029	1.17	-6	▼	-60	▼
3.00% 20 February 2030	1.29	-6	▼	-55	▼
2.00% 20 March 2031	1.43	-6	▼	-53	▼
2.00% 20 March 2032	1.65	-5	▼	n/a	n/a
2.00% 20 March 2033	1.75	-5	▼	-45	▼
3.75% 20 August 2020 CIB	-0.39	1	▲	29	▲
2.75% 20 November 2025 CIB	0.22	-6	▼	13	▲
2.50% 20 November 2035 CIB	0.68	-9	▼	n/a	n/a
10-year NSW TCorp Bond Yield	1.35	-5	▼	-49	▼
10-year TCV (Victoria) Spread	-0.09	0	▼	-7	▼
10-year QTC (Queensland) Spread	-0.02	-1	▼	-5	▼
Equities	Close	1 Week		YTD	
S&P/ASX 200 (Australia)	5,943	1.6%	▲	-11.1%	▼
S&P 500 (US)	3,098	1.9%	▲	-4.1%	▼
FTSE 100 (UK)	6,293	3.1%	▲	-16.6%	▼
DJ Stoxx 600 (Europe)	365	3.2%	▲	-12.1%	▼
Nikkei 225 (Japan)	22,479	0.8%	▲	-5.0%	▼
Shanghai Composite (China)	2,968	1.6%	▲	-2.7%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.684	-0.5%	▼	-2.6%	▼
EUR/USD	1.118	-0.7%	▼	-0.3%	▼
USD/JPY	106.87	-0.5%	▼	-1.6%	▼
GBP/USD	1.24	-1.5%	▼	-6.8%	▼
US\$ Index	97.62	0.3%	▲	1.3%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	42.19	8.9%	▲	-36.1%	▼
Iron Ore (US\$/t)	103.10	-1.1%	▼	12.6%	▲
Coking Coal (US\$/t)	1,256.00	6.0%	▲	4.1%	▲
Gold (US\$/oz)	1,743.87	0.8%	▲	14.9%	▲

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