

Weekly Economic Report

22 May 2023

Financial markets charts

The week that was

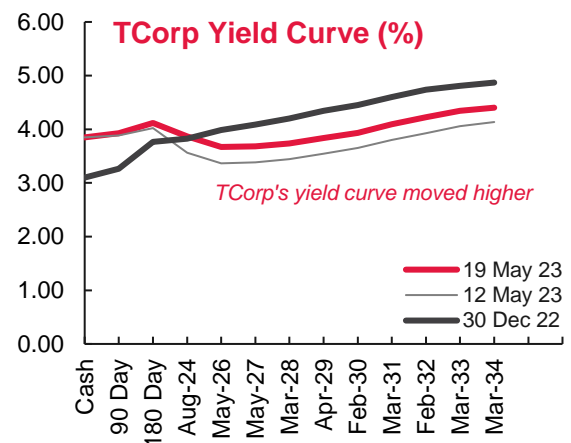
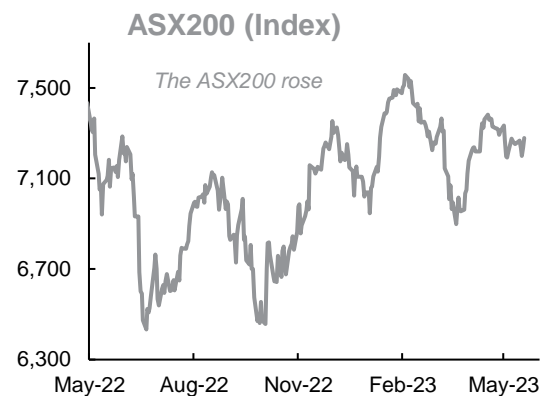
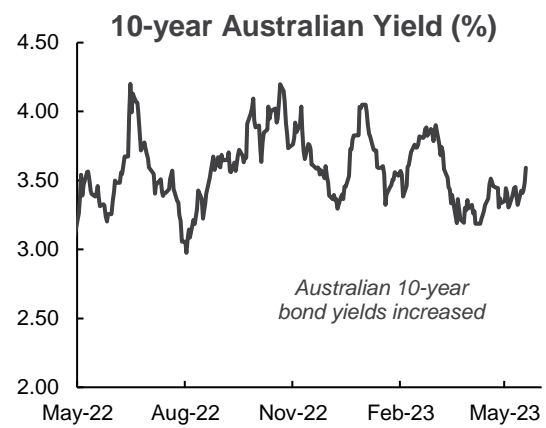
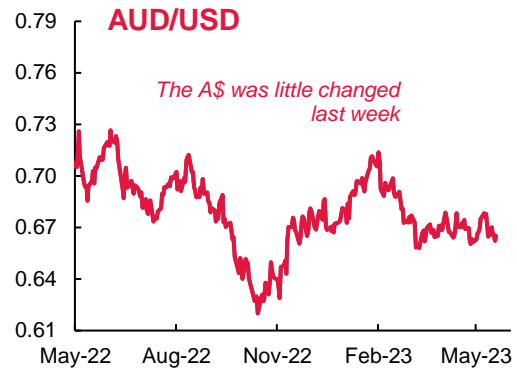
- Locally, a key measure of wages growth – the Wage Price Index – rose by slightly less than expected in the March quarter, to be 3.7% higher over the year. Labour market data for April were also weaker than expected, with employment falling and the unemployment rate rising to 3.7%.
- Minutes from the RBA's May meeting indicated that the decision to raise rates by 25bps was finely balanced between raising rates and pausing. The RBA views inflation risks as skewed to the upside due to high services inflation, strong population growth, large rent increases, and weak productivity growth. Australian 10-year bond yields increased by 27bps and the ASX200 rose 0.3% last week.
- Economic data in the US was mostly positive this week, including stronger-than-expected core retail sales, industrial production, and regional manufacturing surveys. Sentiment was also supported by growing optimism that the Democrats and Republicans will reach an agreement to raise the debt ceiling and avoid a default. US 10-year bond yields ended the week 21bps higher and the S&P500 rose 1.6%.
- Monthly activity data for China was weaker-than-expected in April, suggesting that China's economic recovery may have lost some momentum.

Economic calendar

Monday 22/05	EC: Consumer confidence, May (prelim)
Tuesday 23/05	Global: PMI data, May (prelim) US: New home sales, Apr; Richmond Fed Manufacturing Index, May
Wednesday 24/05	US: FOMC meeting minutes, May UK: CPI & Retail Price Index, Apr GE: IFO Business Climate, May
Thursday 25/05	US: GDP, Mar qtr (second); Chicago Fed National Activity Index, Apr GE: GDP, March quarter (final)
Friday 26/05	US: Personal Consumption Deflator (PCE), personal income & spending, Apr; Durable goods orders, Apr (prelim); University of Michigan Sentiment, May (final) AU: Retail trade, Apr JN: Tokyo CPI, May UK: Retail sales, Apr

The week ahead

- Preliminary Global PMI data for May will provide an update on activity in the manufacturing and services sectors.
- In the US, the core PCE deflator will show whether inflation eased in April.
- Locally, retail sales data for April will reveal if the pace of consumer spending has slowed further.



Financial markets data: Week ending 19 May 2023

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	3.85	0	—	75	▲
90-day BBSW	3.93	4	▲	66	▲
3-year Australian Bond Yield	3.32	30	▲	-18	▼
10-year Australian Bond Yield	3.59	27	▲	-46	▼
20-year Australian Bond Yield	4.02	22	▲	-35	▼
10-year Australian Break-Even Inflation	2.42	13	▲	-4	▼
10-year Australian Real Yield	1.18	14	▲	-41	▼
Fed Funds Rate (lower bound)	5.00	0	—	75	▲
2-year US Treasury Yield	4.27	28	▲	-16	▼
10-year US Treasury Yield	3.67	21	▲	-20	▼
30-year US Treasury Yield	3.93	14	▲	-4	▼
10-year German Bund Yield	2.43	15	▲	-14	▼
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
1.00% 8 February 2024	3.96	24	▲	22	▲
5.00% 20 August 2024	3.87	30	▲	4	▲
1.25% 20 March 2025	3.79	31	▲	-6	▼
4.00% 20 May 2026	3.67	31	▲	-31	▼
3.00% 20 May 2027	3.68	30	▲	-41	▼
3.00% 20 March 2028	3.74	29	▲	-47	▼
3.00% 20 April 2029	3.84	29	▲	-51	▼
3.00% 20 February 2030	3.93	28	▲	-52	▼
2.00% 20 March 2031	4.09	29	▲	-51	▼
1.50% 20 February 2032	4.23	30	▲	-51	▼
2.00% 8 March 2033	4.34	29	▲	-47	▼
3.50% 20 March 2034	4.40	27	▲	-47	▼
2.75% 20 November 2025 CIB	0.61	28	▲	-21	▼
2.50% 20 November 2035 CIB	1.96	13	▲	-43	▼
10-year NSW TCorp Bond Yield	4.32	27	▲	-44	▼
10-year TCV (Victoria) Spread	-0.01	1	▲	-5	▼
10-year QTC (Queensland) Spread	-0.11	-1	▼	-5	▼
Equities	Close	1 Week		YTD	
S&P/ASX 200 (Australia)	7,280	0.3%	▲	3.4%	▲
S&P 500 (US)	4,192	1.6%	▲	9.2%	▲
FTSE 100 (UK)	7,757	0.0%	▲	4.1%	▲
DJ Stoxx 600 (Europe)	469	0.7%	▲	10.3%	▲
Nikkei 225 (Japan)	30,808	4.8%	▲	18.1%	▲
Shanghai Composite (China)	3,284	0.3%	▲	6.3%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.665	0.1%	▲	-2.4%	▼
EUR/USD	1.081	-0.4%	▼	0.9%	▲
USD/JPY	137.98	1.7%	▲	5.2%	▲
GBP/USD	1.24	-0.1%	▼	3.0%	▲
US\$ Index	103.20	0.5%	▲	-0.3%	▼
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	75.58	1.9%	▲	-12.0%	▼
Iron Ore (US\$/t)	107.07	3.3%	▲	-3.8%	▼
Coking Coal (US\$/t)	208.68	16.2%	▲	-42.1%	▼
Gold (US\$/oz)	1,977.81	-1.6%	▼	8.4%	▲

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