

Weekly Economic Report

13 February 2023

Financial markets charts

The week that was

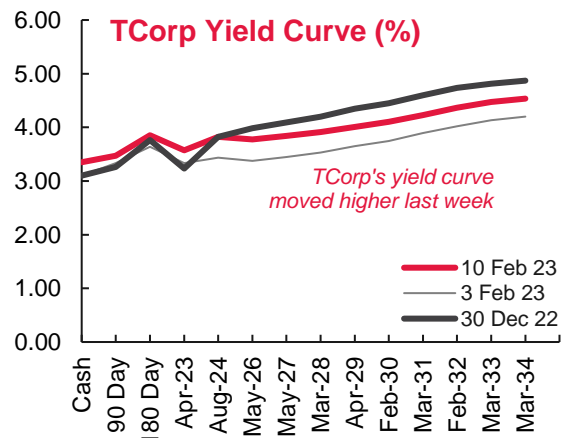
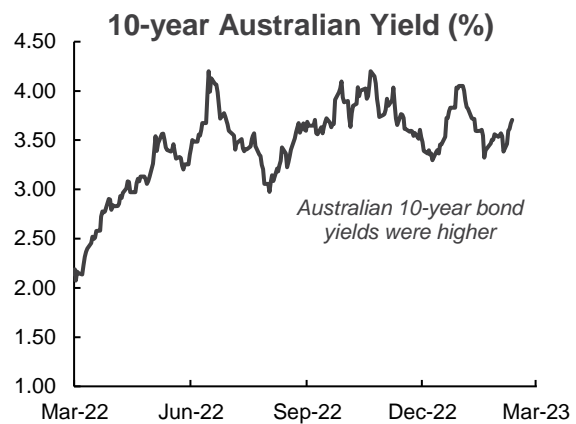
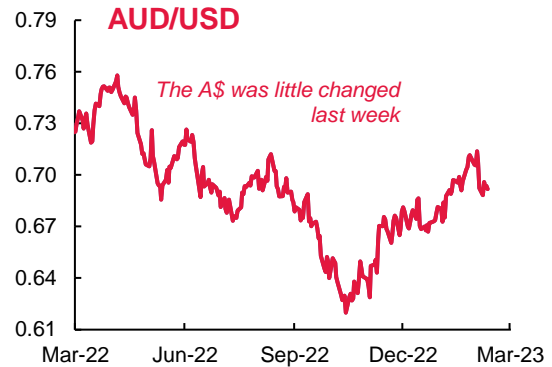
- Communications accompanying the 25bps lift in the cash rate by the Reserve Bank of Australia (RBA) had a hawkish tone, indicating that further rate rises will be needed in coming months. Upwardly revised forecasts for wages growth and underlying inflation in the RBA's latest Statement on Monetary Policy supported this view. Australian 10-year yields ended the week 32bps higher and the ASX200 was 1.6% lower. The Australian dollar was little changed.
- US markets continued to price in additional interest rate rises following stronger-than-expected US data the previous week and comments by Federal Reserve Chair Powell that were interpreted as fairly hawkish. US 10-year yields rose by 21bps and the S&P500 fell by 1.1% last week.
- The Brent oil price rose by 8.1%, supported by Russia cutting back production and Saudi Arabia announcing price increases for Asian consumers due to supply disruptions.

Economic calendar

Monday 13/02	
Tuesday 14/02	AU: Westpac consumer confidence, Feb; NAB business survey, Jan EC: GDP, Dec qtr (prelim); Employment, Dec qtr (Jan) US: NFIB Small Business Optimism, Jan Japan: GDP, Dec qtr (prelim) UK: Jobless claims change, Jan; ILO unemployment rate, Dec; Average weekly earnings, Dec
Wednesday 15/02	US: US CPI, Jan; Real average earnings, Jan UK: CPI, Jan EC: Industrial production, Dec
Thursday 16/02	AU: Labour force, Jan US: Empire Manufacturing, Feb; Retail sales, Jan; Industrial production, Jan; NAHB Housing Market index, Feb
Friday 17/02	US: Building permits, Jan; Housing starts, Jan; PPI, Jan GE: PPI, Jan UK: Retail sales, Jan

The week ahead

- Australian employment data is the key local release this week. Close attention will also be paid to comments by the RBA Governor at his appearances before parliament.
- US and UK CPI for January will provide important updates on inflationary pressures.
- Preliminary December quarter GDP data for the Eurozone and Japan will be released.



Financial markets data: Week ending 10 February 2023

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	3.35	25	▲	25	▲
90-day BBSW	3.47	13	▲	20	▲
3-year Australian Bond Yield	3.42	41	▲	-8	▼
10-year Australian Bond Yield	3.71	32	▲	-34	▼
20-year Australian Bond Yield	4.08	27	▲	-30	▼
10-year Australian Break-Even Inflation	2.46	-1	▼	0	▼
10-year Australian Real Yield	1.25	33	▲	-34	▼
Fed Funds Rate (lower bound)	4.50	0	—	25	▲
2-year US Treasury Yield	4.52	23	▲	9	▲
10-year US Treasury Yield	3.73	21	▲	-14	▼
30-year US Treasury Yield	3.82	20	▲	-15	▼
10-year German Bund Yield	2.36	17	▲	-21	▼
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 20 April 2023	3.57	24	▲	34	▲
1.00% 8 February 2024	3.86	39	▲	12	▲
5.00% 20 August 2024	3.82	39	▲	0	▼
1.25% 20 March 2025	3.74	41	▲	-10	▼
4.00% 20 May 2026	3.77	40	▲	-21	▼
3.00% 20 May 2027	3.84	39	▲	-25	▼
3.00% 20 March 2028	3.92	39	▲	-29	▼
3.00% 20 April 2029	4.01	36	▲	-34	▼
3.00% 20 February 2030	4.10	36	▲	-35	▼
2.00% 20 March 2031	4.23	34	▲	-37	▼
1.50% 20 February 2032	4.37	35	▲	-37	▼
2.00% 8 March 2033	4.48	34	▲	-34	▼
3.50% 20 March 2034	4.54	34	▲	-34	▼
2.75% 20 November 2025 CIB	0.70	27	▲	-15	▼
2.50% 20 November 2035 CIB	1.69	0	—	-75	▼
10-year NSW TCorp Bond Yield	4.43	34	▲	-32	▼
10-year TCV (Victoria) Spread	0.00	-2	▼	-4	▼
10-year QTC (Queensland) Spread	-0.09	-2	▼	-3	▼
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	7,434	-1.6%	▼	5.6%	▲
S&P500 (US)	4,090	-1.1%	▼	6.5%	▲
FTSE 100 (UK)	7,882	-0.2%	▼	5.8%	▲
DJ Stoxx600 (Europe)	458	-0.6%	▼	7.8%	▲
Nikkei 225 (Japan)	27,671	0.6%	▲	6.0%	▲
Shanghai Composite (China)	3,261	-0.1%	▼	5.5%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.692	-0.1%	▼	1.5%	▲
EUR/USD	1.068	-1.1%	▼	-0.3%	▼
USD/JPY	131.36	0.1%	▲	0.2%	▲
GBP/USD	1.21	0.0%	▲	-0.2%	▼
US\$ Index	103.63	0.7%	▲	0.1%	▲
Commodities				YTD	
Brent Oil (US\$/bbl)	86.39	8.1%	▲	0.6%	▲
Iron Ore (US\$/t)	125.38	-0.1%	▼	12.7%	▲
Coking Coal (US\$/t)	2,666.50	0.0%	—	7.3%	▲
Gold (US\$/oz)	1,865.57	0.0%	▲	2.3%	▲

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 99 095 235 825

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