

Weekly Economic Report

23 January 2023

Financial markets charts

The week that was

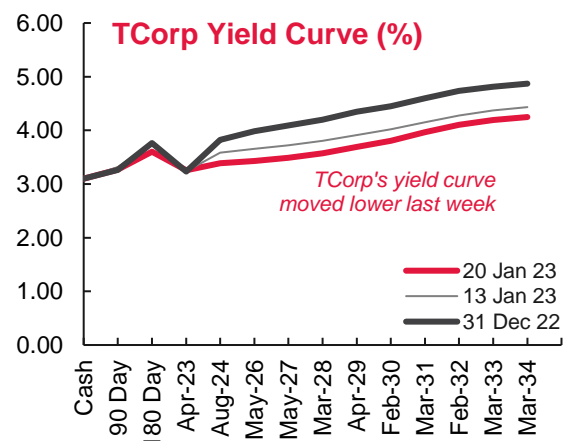
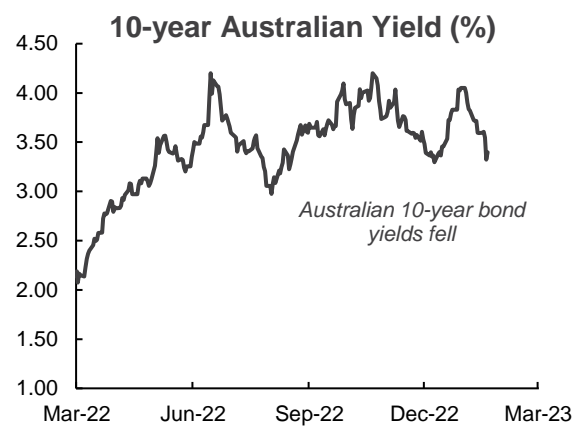
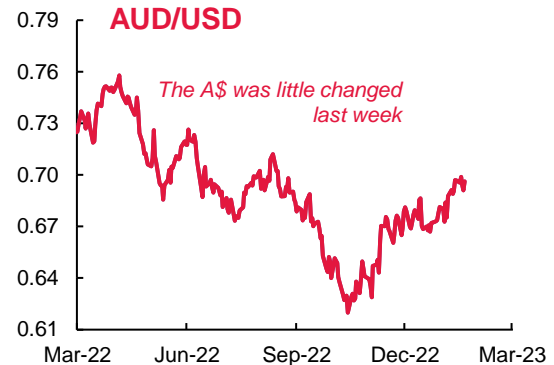
- US retail sales data for December came in weaker-than-expected and, together with weak industrial production data, diminished hopes for a soft landing in the US economy in 2023. A soft US PPI print for December also added to hopes that inflation is on its way down. US 10-year yields fell strongly in response to the data releases, though rose again in subsequent days to end the week 2bps lower at 3.48%.
- In Australia, employment unexpectedly fell in December. The unemployment rate remained unchanged at (an upwardly revised) 3.5%. Australian 10-year yields fell in response to the weaker employment data, with yields falling by 19bps to 3.40%.
- US equities fell by 0.7%, mainly driven by the weak US retail sales data. European stocks were little changed. In contrast, Australian equities rose by 1.7%, supported by continued optimism about the reopening of China's economy. This optimism also supported a further rise in the Brent crude oil price, which rose by 2.8%.
- The Australian dollar remained at just under US\$0.70.

Economic calendar

Monday 23/01	
Tuesday 24/01	AU: Judo Bank Australia PMIs, Jan (prelim); NAB business survey, Dec EU: S&P Global PMIs, Jan (prelim)
Wednesday 25/01	AU: CPI, Dec qtr US: S&P Global PMIs, Jan (prelim) CA: Bank of Canada policy meeting
Thursday 26/01	
Friday 27/01	US: GDP, Dec qtr (adv); Core PCE, Dec str (adv); New home sales, Dec; Durable goods orders, Dec (prelim); personal income and spending (Dec). AU: PPI, Dec qtr

The week ahead

- In Australia, CPI inflation data for the December quarter will be released on Wednesday. A much weaker or stronger-than-expected print could shift expectations for the number of cash rate increases the Reserve Bank of Australia will deliver this year.
- The first estimate of US GDP for the December quarter will reveal just how much momentum the US economy lost late last year.
- Investors will continue to focus on the US earnings season.



Financial markets data: Week ending 20 January 2023

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	3.10	0	—	0	—
90-day BBSW	3.27	-4	▼	1	▲
3-year Australian Bond Yield	3.00	-21	▼	-50	▼
10-year Australian Bond Yield	3.40	-19	▼	-65	▼
20-year Australian Bond Yield	3.81	-17	▼	-57	▼
10-year Australian Break-Even Inflation	2.46	5	▲	0	▼
10-year Australian Real Yield	0.94	-24	▼	-65	▼
Fed Funds Rate (lower bound)	4.25	0	—	0	—
2-year US Treasury Yield	4.17	-6	▼	-26	▼
10-year US Treasury Yield	3.48	-2	▼	-40	▼
30-year US Treasury Yield	3.65	4	▲	-31	▼
10-year German Bund Yield	2.18	1	▲	-39	▼
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 20 April 2023	3.26	2	▲	2	▲
1.00% 8 February 2024	3.40	-17	▼	-35	▼
5.00% 20 August 2024	3.39	-19	▼	-44	▼
1.25% 20 March 2025	3.34	-21	▼	-50	▼
4.00% 20 May 2026	3.43	-22	▼	-55	▼
3.00% 20 May 2027	3.49	-23	▼	-60	▼
3.00% 20 March 2028	3.58	-23	▼	-63	▼
3.00% 20 April 2029	3.69	-23	▼	-66	▼
3.00% 20 February 2030	3.81	-21	▼	-65	▼
2.00% 20 March 2031	3.97	-18	▼	-63	▼
1.50% 20 February 2032	4.10	-18	▼	-64	▼
2.00% 8 March 2033	4.19	-17	▼	-62	▼
3.50% 20 March 2034	4.25	-19	▼	-62	▼
2.75% 20 November 2025 CIB	0.56	-13	▼	-29	▼
2.50% 20 November 2035 CIB	1.74	-14	▼	-70	▼
10-year NSW TCorp Bond Yield	4.15	-18	▼	-61	▼
10-year TCV (Victoria) Spread	0.03	-1	▼	-1	▼
10-year QTC (Queensland) Spread	-0.06	-1	▼	0	▼
Equities	Close	1 Week		YTD	
S&P/ASX 200 (Australia)	7,452	1.7%	▲	5.9%	▲
S&P 500 (US)	3,973	-0.7%	▼	3.5%	▲
FTSE 100 (UK)	7,771	-0.9%	▼	4.3%	▲
DJ Stoxx 600 (Europe)	452	-0.1%	▼	6.4%	▲
Nikkei 225 (Japan)	26,554	1.7%	▲	1.8%	▲
Shanghai Composite (China)	3,265	2.2%	▲	5.7%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.696	-0.1%	▼	2.2%	▲
EUR/USD	1.086	0.2%	▲	1.4%	▲
USD/JPY	129.60	1.4%	▲	-1.2%	▼
GBP/USD	1.24	1.4%	▲	2.6%	▲
US\$ Index	102.01	-0.2%	▼	-1.5%	▼
Commodities				YTD	
Brent Oil (US\$/bbl)	87.63	2.8%	▲	2.0%	▲
Iron Ore (US\$/t)	123.08	-0.4%	▼	10.6%	▲
Coking Coal (US\$/t)	2,475.00	-4.0%	▼	-0.4%	▼
Gold (US\$/oz)	1,926.08	0.3%	▲	5.6%	▲

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 99 095 235 825

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