

# Weekly Economic Report

23 May 2022

## The week that was

- A souring outlook for the global economy drove markets. Hawkish central bank speakers, negative outlooks from bellwether US retailers and uncertainty on China fed recession concerns.
- In Australia, the much-awaited Wage Price Index for the March quarter came in at 0.7% quarter-on-quarter growth, or 2.4% on the year. This was weaker than expected and again suggests that wages growth will only pick up slowly.
- US economic releases were mixed. Retail spending and manufacturing held up well in April, though housing indicators showed activity is turning down.
- Bond yields retreated further. The US 10-year yield declined 14bps, to 2.78%, while Australian 10-year yields fell 9bps, to 3.31%. TCorp's 10-year yield also eased 9bps, to 3.69%.
- Equities remained choppy. The US S&P500 dropped 3.0%, and the European Stoxx600 fell 0.5%. However, the ASX200 was up 1.0% and the Shanghai Composite rose 2.0%, on hopes for Chinese stimulus and higher commodity prices.
- The Australian dollar rose 1.4% to US\$0.704 and was unaffected by the Australian Federal election result.

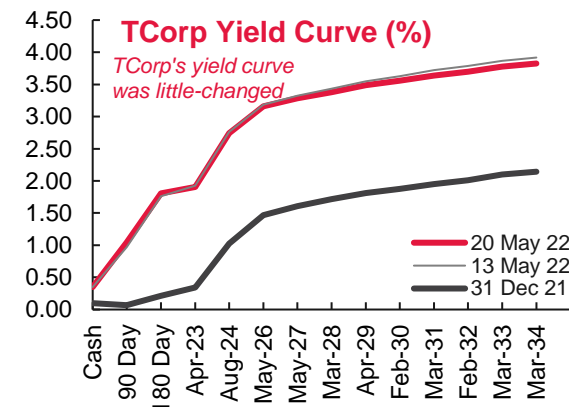
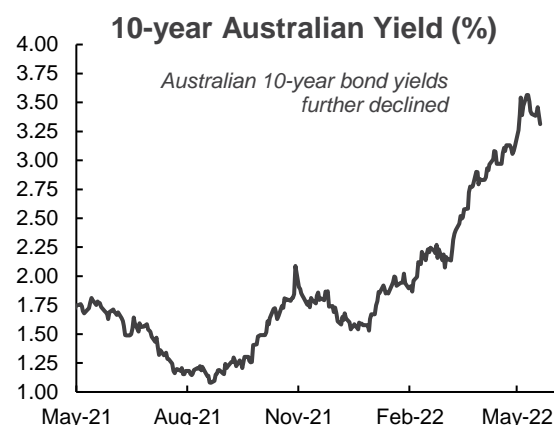
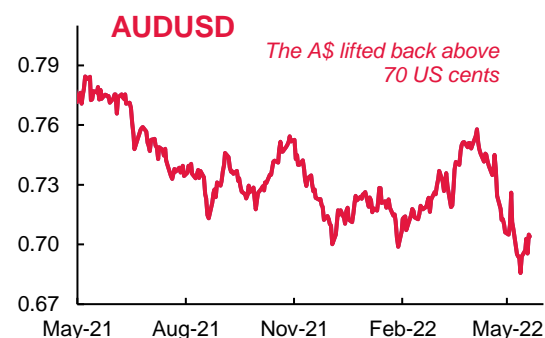
## Economic calendar

<b>Monday 23/05</b>	AU: RBA Assistant Governor Kent speech
<b>Tuesday 24/05</b>	AU: Manufacturing, Services & Composite PMIs, May (prelim)
<b>Wednesday 25/05</b>	AU: RBA Assistant Governor Ellis speech, Construction work, Mar qtr EU: ECB President Lagarde speech NZ: RBNZ policy decision US: New home sales, Apr, Durable goods orders, Apr (prelim)
<b>Thursday 26/05</b>	AU: Private capex, Mar qtr US: FOMC meeting minutes, May, GDP, Mar qtr (second), Core PCE, Mar qtr (second)
<b>Friday 27/05</b>	AU: Retail sales, Apr US: Pending home sales, Apr, Trade balance, Apr, Wholesale inventories, Apr (prelim), Personal income, Personal spending & PCE deflator, Apr

## The week ahead

- Australia and US economic releases come back into focus. Current data points on retail spending, housing, and manufacturing will provide an update on how buoyant activity remains. Quarterly releases, including GDP, should reaffirm the sound momentum to date. Globally, purchasing managers' indexes will be in focus.

## Financial markets charts



## Financial markets data: Week ending 20 May 2022

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.35	0	—	25	▲
90-day BBSW	1.04	8	▲	98	▲
3-year Australian Bond Yield	2.80	-2	▼	188	▲
10-year Australian Bond Yield	3.31	-9	▼	164	▲
20-year Australian Bond Yield	3.69	-6	▼	142	▲
10-year Australian Break-Even Inflation	2.47	18	▲	20	▲
10-year Australian Real Yield	0.84	-26	▼	144	▲
Fed Funds Rate (lower bound)	0.75	0	—	75	▲
2-year US Treasury Yield	2.58	0	▲	185	▲
10-year US Treasury Yield	2.78	-14	▼	127	▲
30-year US Treasury Yield	2.99	-9	▼	108	▲
10-year German Bund Yield	0.94	0	▼	112	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 20 April 2023	1.91	-2	▼	156	▲
1.00% 8 February 2024	2.52	-3	▼	169	▲
5.00% 20 August 2024	2.74	-2	▼	172	▲
1.25% 20 March 2025	2.97	-2	▼	174	▲
4.00% 20 May 2026	3.16	-2	▼	170	▲
3.00% 20 May 2027	3.28	-4	▼	168	▲
3.00% 20 March 2028	3.38	-6	▼	166	▲
3.00% 20 April 2029	3.49	-6	▼	168	▲
3.00% 20 February 2030	3.56	-7	▼	168	▲
2.00% 20 March 2031	3.64	-9	▼	169	▲
1.50% 20 February 2032	3.70	-9	▼	169	▲
2.00% 8 March 2033	3.78	-9	▼	168	▲
3.50% 20 March 2034	3.83	-9	▼	168	▲
2.75% 20 November 2025 CIB	-0.11	-14	▼	92	▲
2.50% 20 November 2035 CIB	1.41	-24	▼	138	▲
10-year NSW TCorp Bond Yield	3.69	-9	▼	171	▲
10-year TCV (Victoria) Spread	0.03	1	▲	-1	▼
10-year QTC (Queensland) Spread	-0.01	0	▲	-2	▼
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	7,146	1.0%	▲	-4.0%	▼
S&P500 (US)	3,901	-3.0%	▼	-18.1%	▼
FTSE 100 (UK)	7,390	-0.4%	▼	0.1%	▲
DJ Stoxx600 (Europe)	431	-0.5%	▼	-11.6%	▼
Nikkei 225 (Japan)	26,739	1.2%	▲	-7.1%	▼
Shanghai Composite (China)	3,147	2.0%	▲	-13.6%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.704	1.4%	▲	-3.1%	▼
EUR/USD	1.056	1.5%	▲	-7.1%	▼
USD/JPY	127.88	-1.0%	▼	11.1%	▲
GBP/USD	1.25	1.8%	▲	-7.8%	▼
US\$ Index	103.15	-1.4%	▼	7.8%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	112.55	0.9%	▲	44.7%	▲
Iron Ore (US\$/t)	134.07	5.6%	▲	10.7%	▲
Coking Coal (US\$/t)	2,808.00	6.4%	▲	36.7%	▲
Gold (US\$/oz)	1,846.50	1.9%	▲	0.9%	▲

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