

# Weekly Economic Report

24 July 2023

## Financial markets charts

### The week that was

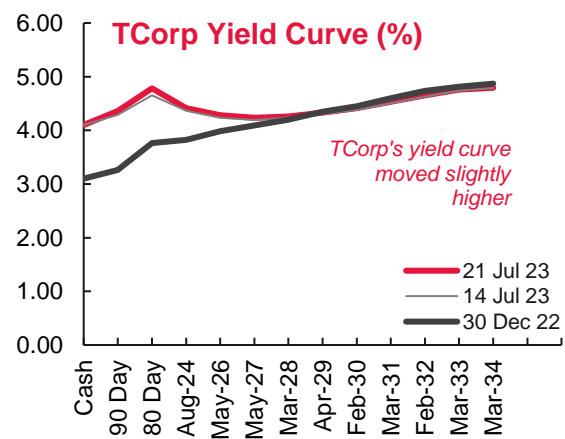
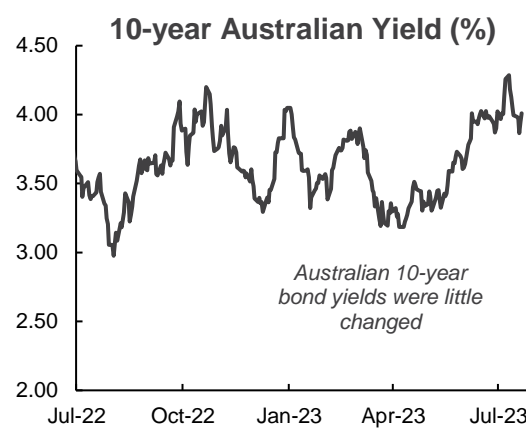
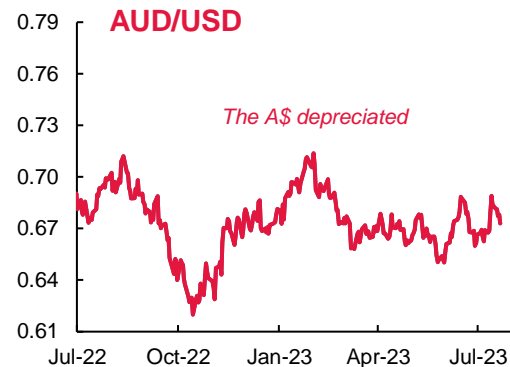
- Australia's market remains tight, with employment rising more than expected in June and the unemployment rate remaining at 3.5%. Conditions in the established housing market have been less buoyant in recent weeks, with the pace of price increases slowing. The number of new listings has also edged higher. Australian 10-year bond yields and the ASX200 were little changed last week.
- US corporate earnings reports for the June quarter drove movements in US equity markets last week. Reports from large banks mainly beat expectations, though those from Tesla and Netflix were weaker than expected. The S&P500 rose 0.7% and US 10-year bond yields were unchanged.
- Economic activity data for China was generally weaker than expected. China's economy grew by 6.3% over the year to June, with weakness evident in consumer spending and the real estate sector.
- Consumer price inflation in June was below expectations in Canada and the UK, but broadly as expected in Japan and the Eurozone. Although inflation was stronger than expected in New Zealand for the June quarter, it was a touch below the central bank's latest forecasts.

### Economic calendar

<b>Monday 24/07</b>	Global: PMIs, July (prelim)
<b>Tuesday 25/07</b>	US: Conference Board consumer confidence, Jul; Richmond Fed Manufacturing index, Jul
<b>Wednesday 26/07</b>	AU: CPI, Jun qtr US: Federal Reserve policy decision; New home sales, Jun
<b>Thursday 27/07</b>	EC: European Central Bank (ECB) policy decision US: GDP, June qtr (adv)
<b>Friday 28/07</b>	JN: Bank of Japan policy decision; Tokyo CPI, Jul US: Core PCE Deflator, Jun; Employment Cost Index, June qtr; University of Michigan sentiment, Jul (fin) GE & FR: CPI, Jul (prelim) AU: Retail sales, Jun; Producer price index, Jun qtr CA: GDP, May

### The week ahead

- Australian consumer price inflation data for the June quarter will be the focus locally. Retail sales data will also be closely watched.
- Globally, investors will look to central bank policy decisions in the US, Europe and Japan, including any guidance on the outlook for interest rates.
- In the US, updated data will show whether wage and price pressures have continued to ease.



## Financial markets data: Week ending 21 July 2023

INTEREST RATES	CLOSE (%)	1 WEEK (BPS)		YTD (BPS)	
RBA Cash Rate	4.10	0	—	100	▲
90-day BBSW	4.36	7	▲	109	▲
3-year Australian Bond Yield	3.95	4	▲	44	▲
10-year Australian Bond Yield	4.01	1	▲	-4	▼
20-year Australian Bond Yield	4.26	-1	▼	-11	▼
10-year Australian Break-Even Inflation	2.48	3	▲	2	▲
10-year Australian Real Yield	1.53	-1	▼	-6	▼
Fed Funds Rate (lower bound)	5.00	0	—	75	▲
2-year US Treasury Yield	4.84	7	▲	41	▲
10-year US Treasury Yield	3.83	0	▲	-4	▼
30-year US Treasury Yield	3.90	-3	▼	-7	▼
10-year German Bund Yield	2.47	-4	▼	-10	▼
<b>NSW TCorp Bonds</b>	<b>Close (%)</b>	<b>1 Week (bps)</b>		<b>YTD (bps)</b>	
1.00% 8 February 2024	4.37	2	▲	63	▲
5.00% 20 August 2024	4.41	4	▲	59	▲
1.25% 20 March 2025	4.41	4	▲	57	▲
4.00% 20 May 2026	4.28	5	▲	30	▲
3.00% 20 May 2027	4.23	4	▲	15	▲
3.00% 20 March 2028	4.26	2	▲	6	▲
3.00% 20 April 2029	4.33	3	▲	-1	▼
3.00% 20 February 2030	4.41	3	▲	-4	▼
2.00% 20 March 2031	4.53	3	▲	-6	▼
1.50% 20 February 2032	4.65	2	▲	-9	▼
2.00% 8 March 2033	4.76	2	▲	-5	▼
3.50% 20 March 2034	4.79	1	▲	-8	▼
2.75% 20 November 2025 CIB	1.25	0	—	44	▲
2.50% 20 November 2035 CIB	2.24	-2	▼	-20	▼
10-year NSW TCorp Bond Yield	4.74	1	▲	-1	▼
10-year TCV (Victoria) Spread	0.04	-1	▼	-1	▼
10-year QTC (Queensland) Spread	-0.10	-1	▼	-4	▼
<b>Equities</b>	<b>Close</b>	<b>1 Week</b>		<b>YTD</b>	
S&P/ASX200 (Australia)	7,314	0.1%	▲	3.9%	▲
S&P500 (US)	4,536	0.7%	▲	18.1%	▲
FTSE 100 (UK)	7,664	3.1%	▲	2.8%	▲
DJ Stoxx600 (Europe)	465	1.0%	▲	9.5%	▲
Nikkei 225 (Japan)	32,304	-0.3%	▼	23.8%	▲
Shanghai Composite (China)	3,168	-2.2%	▼	2.5%	▲
<b>Currencies</b>	<b>Close</b>	<b>1 Week</b>		<b>YTD</b>	
AUD/USD	0.673	-1.6%	▼	-1.2%	▼
EUR/USD	1.112	-0.9%	▼	3.9%	▲
USD/JPY	141.73	2.1%	▲	8.1%	▲
GBP/USD	1.29	-1.8%	▼	6.4%	▲
US\$ Index	101.07	1.2%	▲	-2.4%	▼
<b>Commodities</b>	<b>Close</b>	<b>1 Week</b>		<b>YTD</b>	
Brent Oil (US\$/bbl)	81.07	1.5%	▲	-5.6%	▼
Iron Ore (US\$/t)	113.11	-0.6%	▼	1.6%	▲
Coking Coal (US\$/t)	209.30	-7.6%	▼	-41.9%	▼
Gold (US\$/oz)	1,961.94	0.3%	▲	7.6%	▲

**Brian Redican**  
**Chief Economist**  
[brian.redican@tcorp.nsw.gov.au](mailto:brian.redican@tcorp.nsw.gov.au)

**Emily Perry**  
**Senior Economist**  
[emily.perry@tcorp.nsw.gov.au](mailto: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](http://www.tcorp.nsw.gov.au)

**ABN 99 095 235 825**

#### **Disclaimer**

The opinions, forecasts and data contained in this report is based on the research of TCorp as at the date of publication and is subject to change without notice. TCorp is not responsible for the accuracy, adequacy, currency or completeness of any information in the report provided by third parties. This report is provided for general information purposes only and should not be relied upon for investment or trading purposes. This report is not intended to forecast or predict future events.

Unauthorised copying and distribution of this material is prohibited.

© New South Wales Treasury Corporation 2023. All rights reserved.

#### **About New South Wales Treasury Corporation (TCorp)**

TCorp provides best-in-class investment management, financial management, solutions and advice to the New South Wales (NSW) public sector. With A\$107 billion of assets under management, TCorp is a top 10 Australian investment manager and is the central borrowing authority of the state of NSW, with a balance sheet of A\$148 billion. It is rated Aaa (Stable) by Moody's, AAA (Stable) by Fitch, and AA+ (Stable) by S&P.