

# Weekly Economic Report

24 October 2022

## Financial markets charts

### The week that was

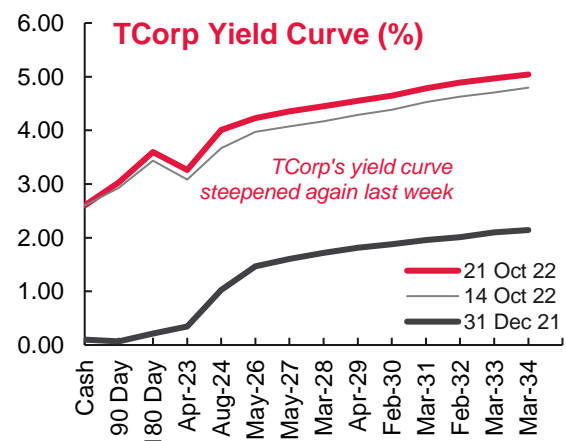
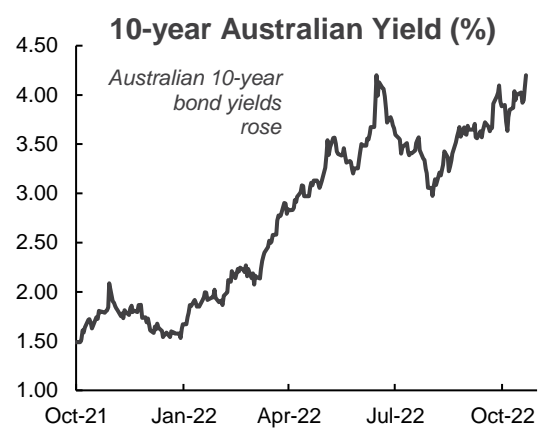
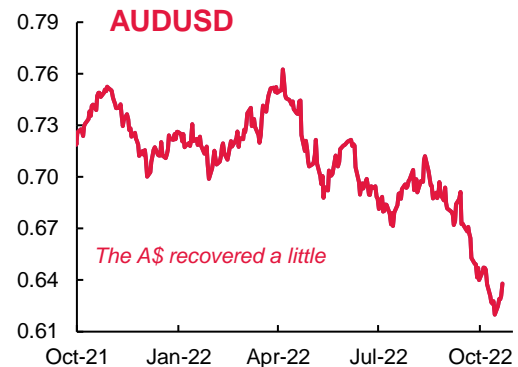
- The US central bank is likely to raise interest rates by 75bps again at its November policy meeting, however a report in the Wall Street Journal suggested that the Fed is poised to slow the pace of rate hikes. With the report widely believed to be a leak from the Fed, this was sufficient to boost US equities and dampen short-dated bond yields.
- US 2-year yields fell 2bps to 4.47% and the US equity market rose by a strong 4.7%. Other equity markets were generally higher, with European equities climbing 1.3%. On the other hand, Australian equities fell 1.2% alongside Chinese shares which declined by 1.1%. That partly reflected pessimism about Chinese growth as hopes for economic reform have diminished.
- Longer dated bond yields were consistently higher. US 10-year yields climbed 20bps to 4.22% and Australian 10-year bond yields closed up 19bps at 4.2%. TCorp 10-year yields rose 26bps.
- Also noteworthy, was the decision of Japan's Ministry of Finance to intervene in currency markets once again. Temporarily, at least, this halted the ascendancy of the US dollar, with the Australian dollar being one of the beneficiaries. Against its US counterpart, the Australian dollar rose by 2.9%.

### Economic calendar

<b>Monday 24/10</b>	Global: Purchasing Managers' Indexes, Oct
<b>Tuesday 25/10</b>	US: Consumer confidence. Oct EU: German IFO survey, Oct
<b>Wednesday 26/10</b>	AU: Consumer inflation, Q3 CA: Bank of Canada policy decision
<b>Thursday 27/10</b>	EU: ECB policy decision US: GDP, Q3
<b>Friday 28/10</b>	US: Personal income & spending, Sep

### The week ahead

- In Australia the key focus will be on the September quarter inflation data. Inflation is expected to remain strong over the remainder of 2022 but a stronger-than-expected outcome could raise speculation that the Reserve Bank of Australia might revert to 50bps rate hikes, after raising its policy rate by 25bps at its October policy meeting.
- Globally, central bank policy meetings in Canada and Europe will be the main events that investors will be watching. Once again, investors are desperately seeking signs that central banks are nearing the end of their tightening campaign, but we doubt that either the Canadian or European central banks will declare victory just yet.



## Financial markets data: Week ending 21 October 2022

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	2.60	0	—	250	▲
90-day BBSW	3.03	10	▲	296	▲
3-year Australian Bond Yield	3.76	22	▲	285	▲
10-year Australian Bond Yield	4.20	19	▲	253	▲
20-year Australian Bond Yield	4.53	21	▲	226	▲
10-year Australian Break-Even Inflation	2.34	11	▲	6	▲
10-year Australian Real Yield	1.86	8	▲	246	▲
Fed Funds Rate (lower bound)	3.00	0	—	300	▲
2-year US Treasury Yield	4.47	-2	▼	374	▲
10-year US Treasury Yield	4.22	20	▲	271	▲
30-year US Treasury Yield	4.33	34	▲	243	▲
10-year German Bund Yield	2.42	7	▲	259	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 20 April 2023	3.26	18	▲	292	▲
1.00% 8 February 2024	3.95	35	▲	313	▲
5.00% 20 August 2024	4.01	34	▲	298	▲
1.25% 20 March 2025	4.05	27	▲	283	▲
4.00% 20 May 2026	4.23	26	▲	276	▲
3.00% 20 May 2027	4.36	29	▲	275	▲
3.00% 20 March 2028	4.45	28	▲	273	▲
3.00% 20 April 2029	4.55	27	▲	274	▲
3.00% 20 February 2030	4.65	26	▲	277	▲
2.00% 20 March 2031	4.78	25	▲	283	▲
1.50% 20 February 2032	4.89	26	▲	288	▲
2.00% 8 March 2033	4.97	26	▲	287	▲
3.50% 20 March 2034	5.04	25	▲	290	▲
2.75% 20 November 2025 CIB	1.09	9	▲	212	▲
2.50% 20 November 2035 CIB	2.55	6	▲	252	▲
10-year NSW TCorp Bond Yield	4.89	25	▲	292	▲
10-year TCV (Victoria) Spread	0.00	0	▲	-4	▼
10-year QTC (Queensland) Spread	-0.07	1	▲	-8	▼
Equities	Close	1 Week		YTD	
S&P/ASX 200 (Australia)	6,677	-1.2%	▼	-10.3%	▼
S&P 500 (US)	3,753	4.7%	▲	-21.3%	▼
FTSE 100 (UK)	6,970	1.6%	▲	-5.6%	▼
DJ Stoxx 600 (Europe)	396	1.3%	▲	-18.8%	▼
Nikkei 225 (Japan)	26,891	-0.7%	▼	-6.6%	▼
Shanghai Composite (China)	3,039	-1.1%	▼	-16.5%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.638	2.9%	▲	-12.2%	▼
EUR/USD	0.986	1.4%	▲	-13.3%	▼
USD/JPY	147.65	-0.7%	▼	28.3%	▲
GBP/USD	1.13	1.2%	▲	-16.5%	▼
US\$ Index	112.01	-1.1%	▼	17.1%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	93.50	2.0%	▲	20.2%	▲
Iron Ore (US\$/t)	94.45	-1.4%	▼	-16.0%	▼
Coking Coal (US\$/t)	2,741.50	0.0%	—	33.5%	▲
Gold (US\$/oz)	1,657.69	0.8%	▲	-9.4%	▼

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