

The week that was

- Preliminary April retail sales data released by the ABS showed a steep decline of 17.9% m/m (-9.4% y/y). While this represents some clawback from the panic buying of March, ex-food retail sank 18.6%, further highlighting the shock experienced by the sector.
- ABS weekly payrolls data suggests there was some stabilisation in the labour market towards the end of April with wages rising 0.9% in the final two weeks even as the number of people employed fell by 1.1%. While this is positive news, it is likely supported by the JobKeeper wage subsidy.
- The Australian government revised the cost of its JobKeeper package down by almost 50% as 3.5 million people are now expected to benefit (down from 6.5 million). The resulting \$60 billion saving will significantly reduce the government's COVID-19 debt burden.
- The Chinese National People's Congress declined to set a GDP objective for 2020. That said growth of around 4% will be required in order to achieve the unemployment target of 6%.

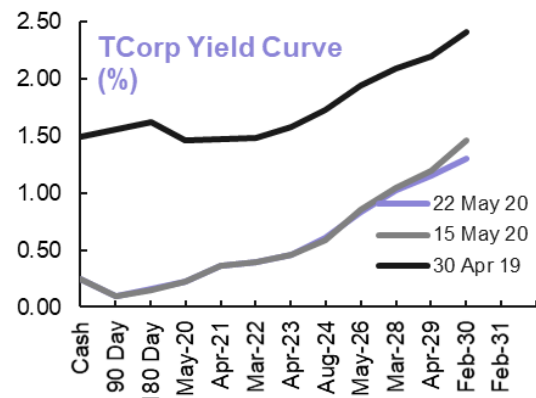
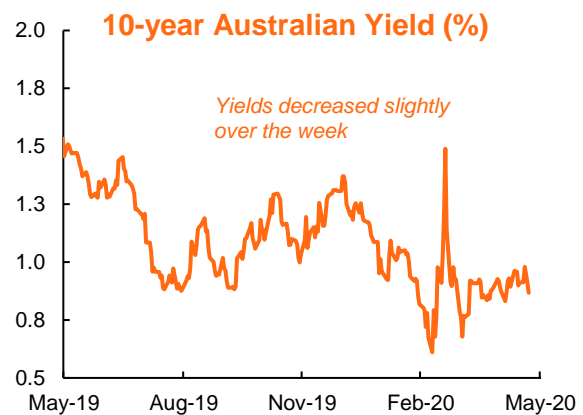
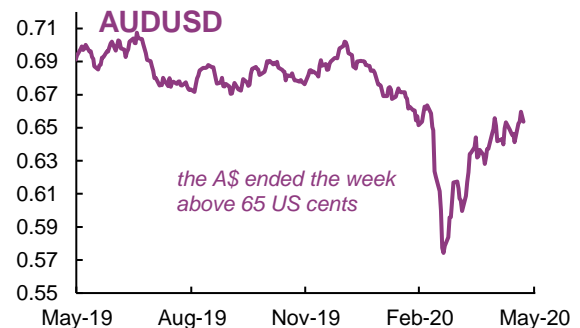
Economic calendar

Monday 25/05	GE: IFO Survey, May
Tuesday 26/05	AU: PM Morrison speaks
Wednesday 27/05	AU: Preliminary Construction Work Done
Thursday 28/05	AU: Private Capital Expenditure
Friday 29/05	AU: ABS Business Impacts of COVID-19
	AU: Household Impacts of COVID-19

The week ahead

- PM Morrison is due to speak at the National Press Club on Tuesday. It is expected he will provide a further economic update and discuss the reopening of the economy. He may also mention the escalating trade tensions with China.
- Building blocks for Australian Q1 GDP will be released – the construction work done and private capital expenditure partials are due this week.
- In China, the National People's Congress continues until 28 May.

Financial markets charts



Financial markets data: Week ending 22 May 2020

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.25	0	—	-50	▼
90-day BBSW	0.10	0	▼	-83	▼
3-year Australian Bond Yield	0.25	1	▲	-66	▼
10-year Australian Bond Yield	0.87	-4	▼	-50	▼
20-year Australian Bond Yield	1.56	-3	▼	-31	▼
10-year Australian Break-Even Inflation	0.80	0	▼	-61	▼
10-year Australian Real Yield	0.07	-4	▼	11	▲
Fed Funds Rate (lower bound)	0.00	0	—	-150	▼
2-year US Treasury Yield	0.17	2	▲	-140	▼
10-year US Treasury Yield	0.66	2	▲	-126	▼
30-year US Treasury Yield	1.37	4	▲	-102	▼
10-year German Bund Yield	-0.49	4	▲	-30	▼
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
6.00% 1 May 2020	0.22	0	—	-71	▼
4.00% 8 April 2021	0.37	0	▲	-63	▼
6.00% 1 March 2022	0.39	0	▼	-67	▼
4.00% 20 April 2023	0.46	1	▲	-71	▼
1.00% 8 February 2024	0.57	0	▲	-71	▼
5.00% 20 August 2024	0.61	1	▲	-67	▼
4.00% 20 May 2026	0.84	-2	▼	-62	▼
3.00% 20 May 2027	1.02	-2	▼	-55	▼
3.00% 20 March 2028	1.15	-4	▼	-51	▼
3.00% 20 April 2029	1.30	-4	▼	-48	▼
3.00% 20 February 2030	1.42	-4	▼	-42	▼
2.00% 20 March 2031	1.56	-5	▼	-40	▼
2.00% 20 March 2032	1.78	-6	▼	n/a	n/a
2.00% 20 March 2033	1.82	-2	▼	-38	▼
3.75% 20 August 2020 CIB	-1.25	5	▲	-54	▼
2.75% 20 November 2025 CIB	0.46	-5	▼	37	▲
2.50% 20 November 2035 CIB	1.04	-7	▼	n/a	n/a
10-year NSW TCorp Bond Yield	1.48	-4	▼	-36	▼
10-year TCV (Victoria) Spread	-0.09	1	▲	-7	▼
10-year QTC (Queensland) Spread	-0.01	1	▲	-4	▼
Equities	Close	1 Week		YTD	
S&P/ASX 200 (Australia)	5,497	1.7%	▲	-17.8%	▼
S&P 500 (US)	2,955	3.2%	▲	-8.5%	▼
FTSE 100 (UK)	5,993	3.3%	▲	-20.5%	▼
DJ Stoxx 600 (Europe)	340	3.6%	▲	-18.2%	▼
Nikkei 225 (Japan)	20,388	1.8%	▲	-13.8%	▼
Shanghai Composite (China)	2,814	-1.9%	▼	-7.7%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.654	1.9%	▲	-6.9%	▼
EUR/USD	1.090	0.7%	▲	-2.8%	▼
USD/JPY	107.64	0.5%	▲	-0.9%	▼
GBP/USD	1.22	0.5%	▲	-8.2%	▼
US\$ Index	99.86	-0.5%	▼	3.6%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	35.13	8.1%	▲	-46.8%	▼
Iron Ore (US\$/t)	92.66	2.2%	▲	1.2%	▲
Coking Coal (US\$/t)	1,207.50	-1.4%	▼	0.0%	▲
Gold (US\$/oz)	1,734.68	-0.5%	▼	14.3%	▲

Brian Redican
Chief Economist
brian.redican@tcorp.nsw.gov.au

Dana Rice
Economist
dana.rice@tcorp.nsw.gov.au

This material has been prepared by New South Wales Treasury Corporation ABN 99 095 235 825 (TCorp), a statutory corporation of New South Wales.

This material is of a general nature only and does not take into account your investment objectives, financial situation or needs. This material does not constitute investment advice. It should not be relied upon in determining whether to invest in a TCorpIM Fund. TCorp recommends you seek your own legal and financial advice before proceeding with any investment decision.

While this material has been formulated with all due care, TCorp does not warrant or represent that the material is free from errors or omissions, or that it is exhaustive. TCorp takes no responsibility for the accuracy, adequacy, currency or completeness of any information included in the material provided by third parties. Except where contrary to law, TCorp will not be liable for any loss, damage, cost or expense (whether direct or indirect) incurred by you as a result of the use of, or reliance on, the information contained in this material.

This material is not intended to forecast or predict future events. Past performance is not a guarantee or a reliable indicator of future performance. The material is subject to change without notice and TCorp is not under any obligation to update the information or correct any inaccuracy which may become apparent at a later date.

Unauthorised copying and distribution of this material is prohibited.

© New South Wales Treasury Corporation 2020. 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\$100 billion of funds under management, TCorp is a top five Australian investment manager and is the central borrowing authority of the state of NSW, with a balance sheet of A\$95 billion. It is rated AAA by S&P and Aaa by Moody's.

TCorp

Level 7, Deutsche Bank Place,
126 Phillip Street, Sydney, NSW 2000

Tel: +61 2 9325 9325

www.tcorp.nsw.gov.au

www.linkedin.com/company/tcorp-nswtreasurycorporation/

