

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%.

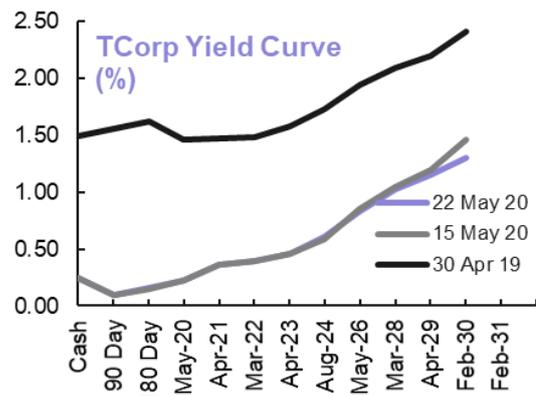
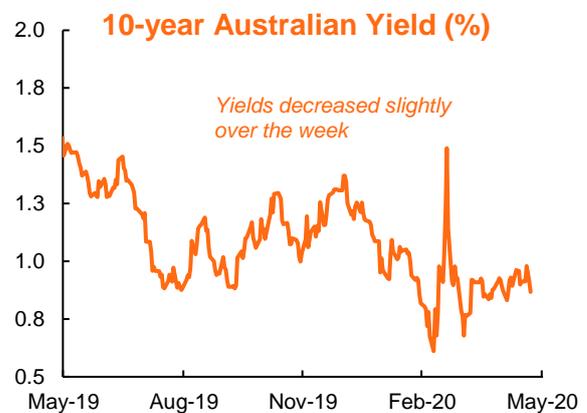
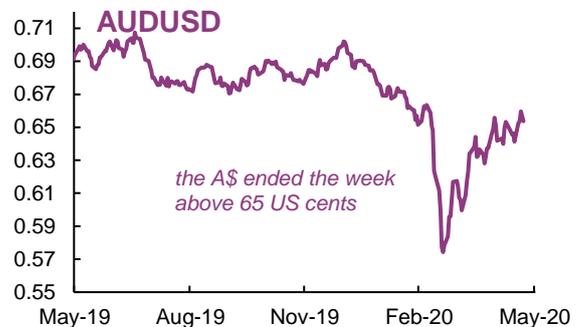
Economic calendar

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%	▲

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