

The week that was

- Two messages emerged from the release of the November Purchasing Manager's Indexes in Europe and the US. First, that global manufacturing activity is stabilising. Second, that this is happening just at the right time as it appears the previously resilient services sector may be succumbing to the global trade downturn.
- The stabilisation of manufacturing will be welcome news to the US Federal Reserve who believe that their recent rate cuts have been sufficient to keep the US economy growing at a decent pace. The minutes of their recent policy meeting confirmed that rates will be on hold for the immediate future.
- The minutes of the Reserve Bank of Australia's November policy meeting suggested that the RBA was closer to cutting rates again than the market thought likely. That said, ultimately, the RBA decided that there was more value in sitting back and seeing how the economy responded to their recent rate cuts before deciding to reduce the cash rate again.

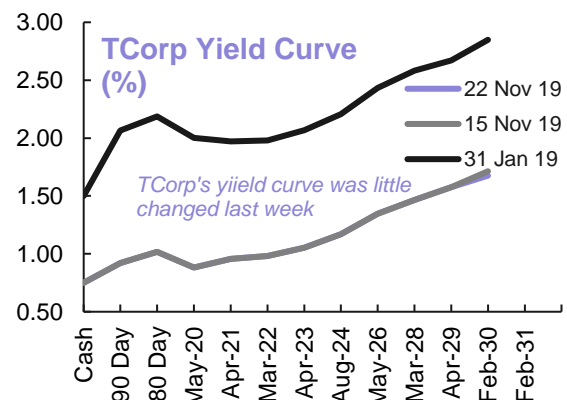
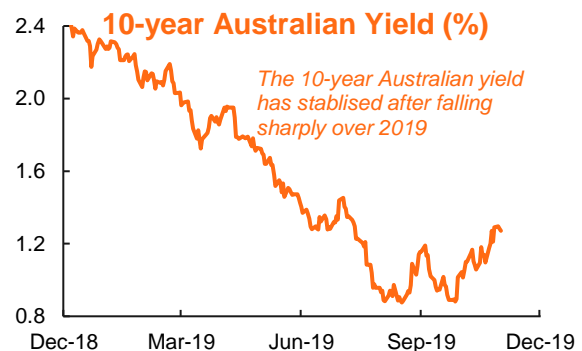
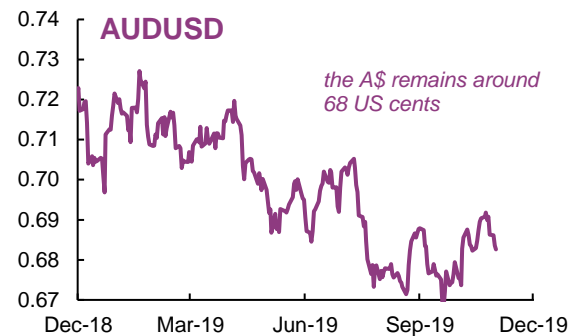
Economic calendar

Tuesday 26/11	AU: RBA Governor speech
Wednesday 27/11	US: Fed Beige Book, PCE deflator
Thursday 28/11	AU: Business investment
Friday 29/11	CH: PMIs
	AU: Private credit

The week ahead

- It's a busy week in Australia with the key event being a speech by the RBA Governor Phil Lowe on unconventional monetary policy.
- We suspect that the RBA Governor will simply list the range of unconventional measures that other central banks have undertaken, state that the RBA is open to pursuing these options if necessary but suggest that these are not needed at present. It is possible, however, that he could signal that the RBA is close to pulling the trigger on some of these measures.
- Globally, China will release Purchasing Manager's Indexes for both the manufacturing and services sectors. In the US, the Federal Reserve will release its 'Beige Book' -- the monthly collection of anecdotes from the Fed's regional offices. In addition, the Fed's preferred measure of inflation will be released while in Germany, the IFO business survey will be the focus.

Financial markets charts



Financial markets data: Week ending 22 November 2019

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.75	0	—	-75	▼
90-day BBSW	0.89	0	▼	-120	▼
3-year Australian Bond Yield	0.73	-2	▼	-112	▼
10-year Australian Bond Yield	1.10	-6	▼	-122	▼
20-year Australian Bond Yield	1.59	-9	▼	-109	▼
10-year Australian Break-Even Inflation	1.34	-2	▼	-30	▼
10-year Australian Real Yield	-0.24	-4	▼	-92	▼
Fed Funds Rate (lower bound)	1.50	0	—	-75	—
2-year US Treasury Yield	1.63	2	▲	-86	▼
10-year US Treasury Yield	1.77	-6	▼	-91	▼
30-year US Treasury Yield	2.22	-8	▼	-79	▼
10-year German Bund Yield	-0.36	-3	▼	-60	▼
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
6.00% 1 May 2020	0.84	-3	▼	-118	▼
4.00% 8 April 2021	0.88	-2	▼	-115	▼
6.00% 1 March 2022	0.90	-2	▼	-115	▼
4.00% 20 April 2023	0.96	-2	▼	-122	▼
5.00% 20 August 2024	1.07	-3	▼	-126	▼
4.00% 20 May 2026	1.21	-4	▼	-133	▼
3.00% 20 May 2027	1.31	-4	▼	-135	▼
3.00% 20 March 2028	1.41	-5	▼	-133	▼
3.00% 20 April 2029	1.50	-6	▼	-134	▼
3.00% 20 February 2030	1.54	-5	▼	-136	▼
3.75% 20 August 2020 CIB	-0.76	-5	▼	-141	▼
2.75% 20 November 2025 CIB	-0.04	-6	▼	-96	▼
2.50% 20 November 2035 CIB	0.54	-4	▼	-70	▼
10-year NSW TCorp Bond Yield	1.55	-6	▼	-127	▼
10-year TCV (Victoria) Spread	0.00	0	▼	4	▲
10-year QTC (Queensland) Spread	0.05	0	▼	-1	▼
Equities	Close	1 Week		YTD	
S&P/ASX 200 (Australia)	6,710	-1.2%	▼	18.8%	▲
S&P 500 (US)	3,110	-0.3%	▼	24.1%	▲
FTSE 100 (UK)	7,327	0.3%	▲	8.9%	▲
DJ Stoxx 600 (Europe)	404	-0.5%	▼	19.6%	▲
Nikkei 225 (Japan)	23,113	-0.8%	▼	15.5%	▲
Shanghai Composite (China)	2,885	-0.2%	▼	15.7%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.679	-0.5%	▼	-3.8%	▼
EUR/USD	1.102	-0.3%	▼	-3.7%	▼
USD/JPY	108.66	-0.1%	▼	-1.3%	▼
GBP/USD	1.28	-0.5%	▼	0.7%	▲
US\$ Index	98.27	0.3%	▲	2.2%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	63.39	0.1%	▲	17.8%	▲
Iron Ore (US\$/t)	84.52	1.4%	▲	18.8%	▲
Coking Coal (US\$/t)	1,316.00	2.4%	▲	-8.9%	▼
Gold (US\$/oz)	1,461.93	-0.4%	▼	14.0%	▲

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