

Weekly economic report

25 September 2023

Financial markets charts

The week that was

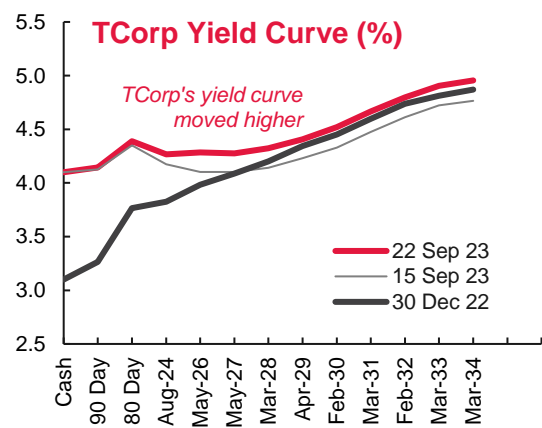
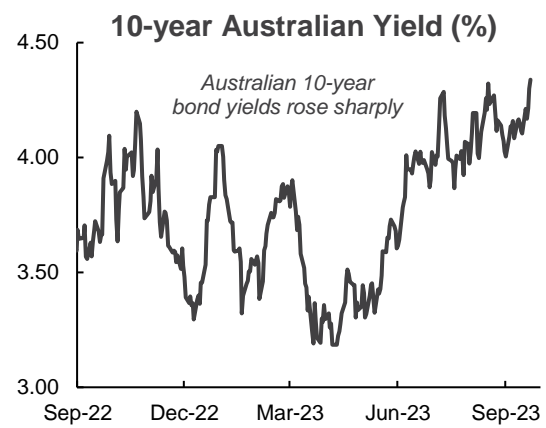
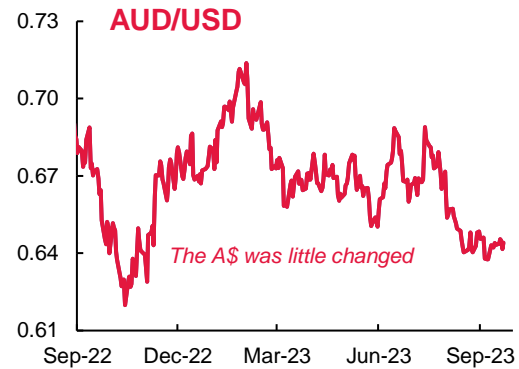
- While the US Federal Open Market Committee (FOMC) left interest rates unchanged, members signalled the possibility of one more rate hike this year and that rates are likely to remain high for longer. The prospect of high-for-longer interest rates resulted in US 10-year bond yields rising 10bps and the S&P500 falling 2.9%. US 10-year yields are currently at their highest level since mid-2007.
- Following the move higher in US yields, the Australian 10-year bond yield rose 24bps, to around its highest level in a decade. The ASX200 fell by 2.9% and the Australian dollar was little changed, at around US\$0.64.
- The central banks of Sweden and Norway raised interest rates by 25bps as expected, while central banks in Switzerland and England surprised markets by holding rates steady. The Bank of Japan also left its monetary policy settings unchanged, as expected.
- Global inflation data was mixed. Inflation in the UK was lower than expected in August (although it is still high) but surprised to the upside in Canada and Japan.
- Preliminary global PMI data for September pointed to continued weakness in economic activity, particularly across manufacturing sectors.

Economic calendar

Monday 25/09	US: Dallas Fed Manufacturing, Sep GE: IFO Business climate, Sep
Tuesday 26/09	US: New home sales, Aug; Consumer confidence, Sep; Richmond Fed Manufacturing Index, Sep
Wednesday 27/09	AU: Monthly CPI indicator, Aug US: Durable goods, Aug (prelim)
Thursday 28/09	AU: Retail sales, Aug; Job vacancies, Aug US: GDP, June qtr (third) GE: CPI, Sep (prelim)
Friday 29/09	US: Core PCE Deflator, Aug; Personal income & spending, Aug EC: CPI, Sep (prelim) JN: Tokyo CPI, Sep UK: GDP, Jun qtr (final) AU: Private sector credit, Aug

The week ahead

- Locally, the monthly inflation indicator and retail sales data for August will provide important reads on price pressures and consumer spending.
- Inflation data in the US, Europe and Japan will show if price pressures globally have continued to recede.



Financial markets data: Week ending 22 September 2023

INTEREST RATES	CLOSE (%)	1 WEEK (BPS)		YTD (BPS)	
RBA Cash Rate	4.10	0	—	100	▲
90-day BBSW	4.15	2	▲	88	▲
3-year Australian Bond Yield	4.03	20	▲	53	▲
10-year Australian Bond Yield	4.34	24	▲	29	▲
20-year Australian Bond Yield	4.63	21	▲	25	▲
10-year Australian Break-Even Inflation	2.53	0	▲	7	▲
10-year Australian Real Yield	1.81	23	▲	22	▲
Fed Funds Rate (lower bound)	5.25	0	—	100	▲
2-year US Treasury Yield	5.11	8	▲	68	▲
10-year US Treasury Yield	4.43	10	▲	56	▲
30-year US Treasury Yield	4.52	11	▲	56	▲
10-year German Bund Yield	2.74	6	▲	17	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
1.00% 8 February 2024	4.21	5	▲	47	▲
5.00% 20 August 2024	4.27	9	▲	44	▲
1.25% 20 March 2025	4.36	18	▲	52	▲
4.00% 20 May 2026	4.28	18	▲	30	▲
3.00% 20 May 2027	4.28	17	▲	19	▲
3.00% 20 March 2028	4.32	18	▲	12	▲
3.00% 20 April 2029	4.41	18	▲	6	▲
3.00% 20 February 2030	4.52	19	▲	7	▲
2.00% 20 March 2031	4.67	19	▲	7	▲
1.50% 20 February 2032	4.80	19	▲	6	▲
2.00% 8 March 2033	4.90	18	▲	9	▲
3.50% 20 March 2034	4.96	19	▲	9	▲
2.75% 20 November 2025 CIB	1.49	23	▲	68	▲
2.50% 20 November 2035 CIB	2.51	22	▲	7	▲
10-year NSW TCorp Bond Yield	4.90	17	▲	14	▲
10-year TCV (Victoria) Spread	0.04	2	▲	0	▼
10-year QTC (Queensland) Spread	-0.05	3	▲	1	▲
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	7,069	-2.9%	▼	0.4%	▲
S&P500 (US)	4,320	-2.9%	▼	12.5%	▲
FTSE 100 (UK)	7,684	-0.4%	▼	3.1%	▲
DJ Stoxx600 (Europe)	453	-1.9%	▼	6.7%	▲
Nikkei 225 (Japan)	32,402	-3.4%	▼	24.2%	▲
Shanghai Composite (China)	3,132	0.5%	▲	1.4%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.644	0.1%	▲	-5.5%	▼
EUR/USD	1.065	0.0%	▼	-0.5%	▼
USD/JPY	148.37	0.4%	▲	13.2%	▲
GBP/USD	1.22	-1.1%	▼	1.3%	▲
US\$ Index	105.58	0.2%	▲	2.0%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	93.27	-0.7%	▼	8.6%	▲
Iron Ore (US\$/t)	121.97	-1.1%	▼	9.6%	▲
Coking Coal (US\$/t)	241.56	0.8%	▲	-33.0%	▼
Gold (US\$/oz)	1,925.23	0.1%	▲	5.5%	▲

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