

Financial markets charts

The week that was

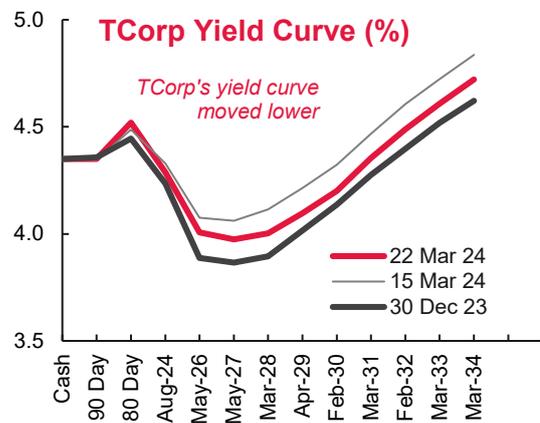
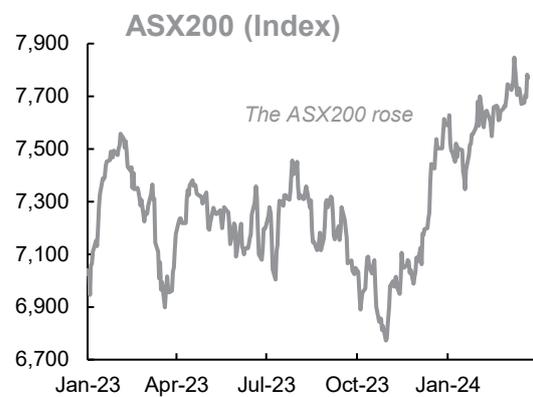
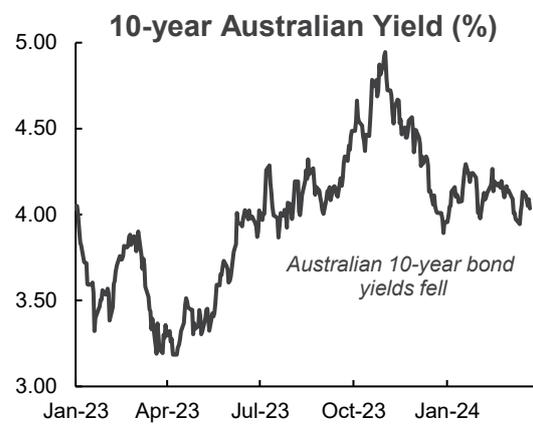
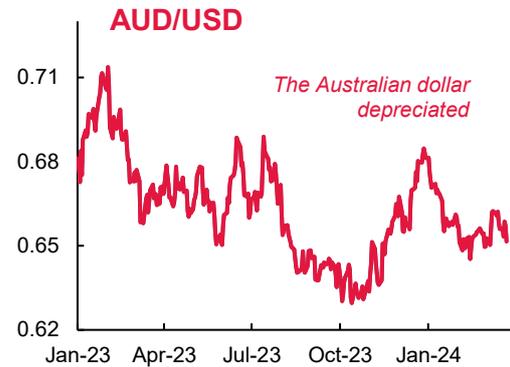
- The focus last week was on central banks' policy decisions and forward guidance on interest rates.
- Markets interpreted the Reserve Bank of Australia (RBA) communication as taking a more neutral, rather than hawkish, stance which contributed to Australian 10-year bond yields ending the week 10bps lower, the ASX200 rising by 1.3% and the Australian dollar down 0.7%. The RBA Board remains cautious, looking for more progress on inflation before starting to discuss rate cuts.
- Central banks in other advanced economies are generally more dovish than the RBA. The US Federal Reserve (Fed) has gained confidence that its inflation target will be achieved, even though the US economy and labour market remain resilient. Fed members still expect to deliver 3 rate cuts in 2024, which investors anticipate will commence around the middle of the year. The more dovish Fed saw US 10-year bond yields fall 11bps last week and the S&P500 rise 2.3%.
- The Bank of England also became more dovish, and the Swiss central bank unexpectedly reduced its policy rate by 25bps as inflation is low and within the target range.
- As widely expected, the Bank of Japan (BoJ) raised its policy rate to 0-0.1%, ending its negative interest rate policy. The BoJ also ended its Yield Curve Control policy but will remain active in the government bond market to ensure that yields do not rise beyond levels it is comfortable with. However, the BoJ's forward guidance remained dovish, which saw the yen depreciate and equities rise strongly.
- Australian labour market data remains volatile, but there are signs that conditions are continuing to loosen.

Economic calendar

Monday 25/03	US: New homes sales, Feb; Durable goods orders, Feb (prelim)
Tuesday 26/03	AU: Consumer sentiment, Mar US: Consumer confidence, Mar
Wednesday 27/03	AU: Monthly CPI, Feb
Thursday 28/03	AU: Retail sales, Feb; Job vacancies, Feb qtr; Private sector credit, Feb
Friday 29/03	US: Core PCE deflator, Feb JP: Tokyo CPI, Mar

The week ahead

- Inflation data in the US and Australia will be the focus, with investors sensitive to stronger-than-expected inflation data that could delay rate cuts.
- Locally, retail sales and job vacancies data will provide updated reads on consumers and the labour market.



Financial markets data: Week ending 22 March 2024

INTEREST RATES	CLOSE (%)	1 WEEK (BPS)	YTD (BPS)
RBA Cash Rate	4.35	0	0
90-day BBSW	4.35	0	-1
3-year Australian Bond Yield	3.68	-6	7
10-year Australian Bond Yield	4.04	-10	8
20-year Australian Bond Yield	4.34	-10	9
10-year Australian Break-Even Inflation	2.48	-4	-9
10-year Australian Real Yield	1.55	-5	17
Fed Funds Rate (lower bound)	5.25	0	0
2-year US Treasury Yield	4.59	-14	34
10-year US Treasury Yield	4.20	-11	32
30-year US Treasury Yield	4.38	-5	35
10-year German Bund Yield	2.32	-12	30
NSW TCorp Bonds	Close (%)	1 Week (bps)	YTD (bps)
5.00% 20 August 2024	4.29	-4	5
1.25% 20 March 2025	4.20	-5	16
4.00% 20 May 2026	4.01	-7	12
3.00% 20 May 2027	3.97	-9	11
3.00% 20 March 2028	4.00	-11	11
3.00% 20 April 2029	4.10	-12	8
3.00% 20 February 2030	4.20	-12	6
2.00% 20 March 2031	4.35	-11	8
1.50% 20 February 2032	4.49	-12	9
2.00% 8 March 2033	4.61	-11	9
1.75% 20 March 2034	4.72	-11	10
2.75% 20 November 2025 CIB	1.36	-8	29
2.50% 20 November 2035 CIB	2.20	-7	13
10-year NSW TCorp Bond Yield	4.67	-11	12
10-year TCV (Victoria) Spread	0.08	-1	-3
10-year QTC (Queensland) Spread	-0.04	0	4
Equities	Close	1 Week	YTD
S&P/ASX200 (Australia)	7,771	1.3%	2.4%
S&P500 (US)	5,234	2.3%	9.7%
FTSE 100 (UK)	7,931	2.6%	2.6%
DJ Stoxx600 (Europe)	510	1.0%	6.4%
Nikkei 225 (Japan)	40,888	5.6%	22.2%
Shanghai Composite (China)	3,048	-0.2%	2.5%
Currencies	Close	1 Week	YTD
AUD/USD	0.652	-0.7%	-4.4%
EUR/USD	1.081	-0.7%	-2.1%
USD/JPY	151.41	1.6%	7.4%
GBP/USD	1.26	-1.1%	-1.0%
US\$ Index	104.43	1.0%	3.1%
Commodities	Close	1 Week	YTD
Brent Oil (US\$/bbl)	85.43	0.1%	10.9%
Iron Ore (US\$/t)	110.39	3.4%	-19.1%
Coking Coal (US\$/t)	218.76	5.2%	-20.6%
Gold (US\$/oz)	2,165.44	0.4%	5.0%

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

Emily Perry
Senior Economist
emily.perry@tcorp.nsw.gov.au



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

T +61 2 9325 9325

W www.tcorp.nsw.gov.au

ABN 99 235 825

Disclaimer

The opinions, forecasts and data contained in this report is based on the research of TCorp as at the date of publication and is subject to change without notice. TCorp is not responsible for the accuracy, adequacy, currency or completeness of any information in the report provided by third parties. This report is provided for general information purposes only and should not be relied upon for investment or trading purposes. This report is not intended to forecast or predict future events.

Unauthorised copying and distribution of this material is prohibited.

© New South Wales Treasury Corporation 2024. All rights reserved.

About TCorp

TCorp provides best-in-class investment management, financial management, solutions and advice to the New South Wales (NSW) public sector. With A\$112 billion of assets under management, TCorp is a top 10 Australian investment manager and is the central borrowing authority of the state of NSW, with a balance sheet of A\$168 billion. It is rated Aaa (Stable) by Moody's, AAA (Stable) by Fitch, and AA+ (Stable) by S&P.