

Weekly Economic Report

26 April 2022

The week that was

- Major central banks further ramped up support for hawkish policies. While no rate decisions were scheduled, a busy line up of speakers stoked global expectations for aggressive rate hikes. This overshadowed news on overall strong US corporate earnings for Q122, and the Ukraine crisis.
- Minutes from the Reserve Bank of Australia's (RBA) April meeting pointed to a hawkish shift, now in line with global peers. The RBA dropped its long-held reference to being "patient" and indicated that inflation and wage developments have "brought forward the likely timing of the first increase in interest rates". Rising wage pressures were noted.
- Bond yields rose across the board. US 10-year yields increased 7bps to 2.90%. The German 10-year yield was up 13bps to 0.97% and Australian 10-year yields lifted 16bps, to 3.13%. TCorp's 10-year yield rose 20bps, to 3.49%.
- Equities continued to fall. The US S&P500 dropped 2.8%, the European Stoxx600 lost 1.4% and the ASX200 was down 0.7%. The Shanghai Composite slid 3.9%, amid rising fears on China's slowdown.
- The Australian dollar weakened further, down 2.0% to US\$0.724.

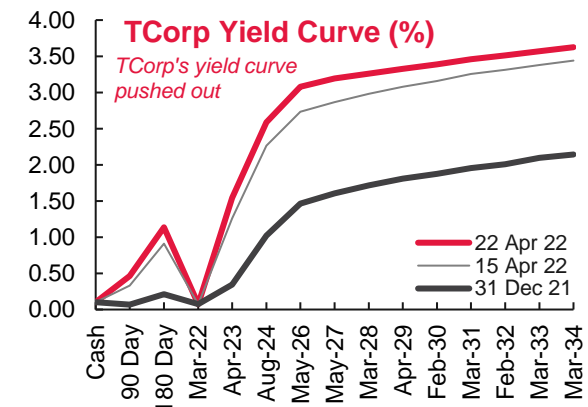
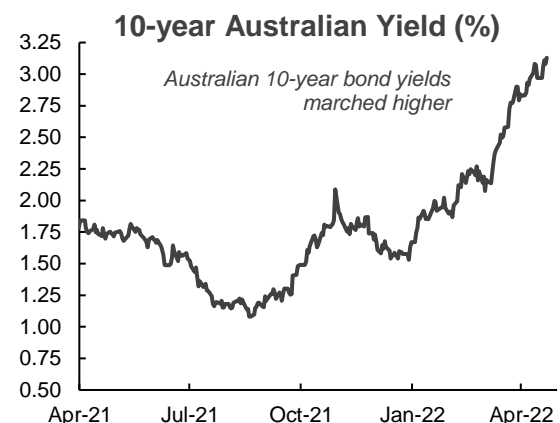
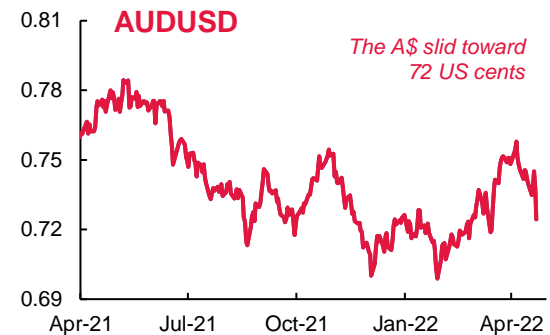
Economic calendar

Tuesday 26/04	US: Durable goods orders, Mar (prelim)
Wednesday 27/04	AU: CPI, Mar qtr US: New home sales, Mar, Trade balance, Mar, Inventories, Mar
Thursday 28/04	AU: Export and import prices, Mar qtr EU: ECB President Lagarde speech JP: Bank of Japan rate decision US: GDP, Mar qtr (adv), Core PCE, Mar qtr (adv), Pending home sales, Mar
Friday 29/04	AU: PPI, Mar qtr, Private sector credit, Mar EU: CPI, Apr, GDP, Mar qtr (adv) US: Employment cost index, Mar qtr, Personal income and spending, Mar, PCE deflator, Mar

The week ahead

- The Australian CPI report will be a key focus, in light of the RBA's recent backflip on inflation. Expectations for a June rate hike are well-entrenched, with investors consequently looking to this release to reaffirm the policy outlook.
- Elsewhere, March quarter estimates of GDP for the US and EU are due. These should confirm the underlying strength in these major economies in early 2022, seen in the partial data.

Financial markets charts



Financial markets data: Week ending 22 April 2022

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.10	0	—	0	—
90-day BBSW	0.46	13	▲	40	▲
3-year Australian Bond Yield	2.69	32	▲	178	▲
10-year Australian Bond Yield	3.13	16	▲	146	▲
20-year Australian Bond Yield	3.47	15	▲	120	▲
10-year Australian Break-Even Inflation	2.51	5	▲	24	▲
10-year Australian Real Yield	0.62	11	▲	123	▲
Fed Funds Rate (lower bound)	0.25	0	—	25	▲
2-year US Treasury Yield	2.67	21	▲	194	▲
10-year US Treasury Yield	2.90	7	▲	139	▲
30-year US Treasury Yield	2.94	3	▲	104	▲
10-year German Bund Yield	0.97	13	▲	115	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 20 April 2023	1.55	29	▲	120	▲
1.00% 8 February 2024	2.38	33	▲	155	▲
5.00% 20 August 2024	2.59	32	▲	157	▲
1.25% 20 March 2025	2.84	34	▲	162	▲
4.00% 20 May 2026	3.08	35	▲	161	▲
3.00% 20 May 2027	3.19	33	▲	159	▲
3.00% 20 March 2028	3.26	28	▲	154	▲
3.00% 20 April 2029	3.33	25	▲	152	▲
3.00% 20 February 2030	3.39	23	▲	151	▲
2.00% 20 March 2031	3.46	20	▲	151	▲
1.50% 20 February 2032	3.51	20	▲	150	▲
2.00% 8 March 2033	3.57	19	▲	147	▲
3.50% 20 March 2034	3.63	19	▲	148	▲
2.75% 20 November 2025 CIB	-0.02	29	▲	102	▲
2.50% 20 November 2035 CIB	1.15	8	▲	111	▲
10-year NSW TCorp Bond Yield	3.49	20	▲	152	▲
10-year TCV (Victoria) Spread	0.02	0	▼	-1	▼
10-year QTC (Queensland) Spread	-0.01	0	▲	-2	▼
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	7,473	-0.7%	▼	0.4%	▲
S&P500 (US)	4,272	-2.8%	▼	-10.4%	▼
FTSE100 (UK)	7,522	-1.2%	▼	1.9%	▲
DJ Stoxx600 (Europe)	453	-1.4%	▼	-7.1%	▼
Nikkei 225 (Japan)	27,105	0.0%	▲	-5.9%	▼
Shanghai Composite (China)	3,087	-3.9%	▼	-15.2%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.724	-2.0%	▼	-0.3%	▼
EUR/USD	1.079	-0.2%	▼	-5.1%	▼
USD/JPY	128.50	1.6%	▲	11.7%	▲
GBP/USD	1.28	-1.7%	▼	-5.1%	▼
US\$ Index	101.22	0.7%	▲	5.8%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	106.65	-4.5%	▼	37.1%	▲
Iron Ore (US\$/t)	150.77	-4.8%	▼	24.5%	▲
Coking Coal (US\$/t)	3,079.00	-5.7%	▼	49.9%	▲
Gold (US\$/oz)	1,931.60	-2.4%	▼	5.6%	▲

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