

Financial markets charts

The week that was

- Wages growth in Australia was as expected in the December quarter. Public sector wages rose rapidly, as enterprise agreements took effect, but private sector wages growth slowed, which is consistent with the gradual loosening in labour market conditions. Leading indicators suggest that wages growth has peaked and will start to decelerate – this is what the Reserve Bank of Australia (RBA) needs to see to be convinced that inflation will return sustainably to target.
- The minutes of the RBA Board's February meeting noted that it would take time for the Board to gain sufficient confidence that inflation will return to target within a reasonable time. As such, the Board did not discuss the prospect of rate cuts and continued to communicate that further interest rate rises may be needed. This is despite recent data weakening the case for further rate hikes, with inflation lower and economic activity weaker than the RBA expected a few months ago.
- While the US Federal Reserve (Fed) has begun discussing possible timing of rate cuts, minutes from the Fed's January meeting reiterated that members are cautious about cutting rates too soon.
- The S&P500 ended the week 1.7% higher, boosted by Nvidia's earnings report that beat expectations. In contrast, the ASX200 declined by 0.2%. US 10-year bond yields fell 3bps, while Australian 10-year bond yields were unchanged.

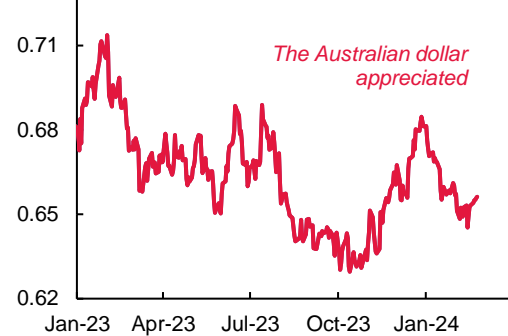
Economic calendar

Monday 26/02	US: New home sales, Jan
Tuesday 27/02	JP: National CPI, Jan US: Durable goods orders, Jan (prelim); Consumer confidence, Feb
Wednesday 28/02	AU: Monthly CPI, Jan; Construction work done, Dec qtr US: GDP, Dec qtr (second) NZ: RBNZ policy decision
Thursday 29/02	AU: Retail sales, Jan; Private capital expenditure, Dec qtr US: Core PCE deflator, Jan
Friday 01/03	US: ISM Manufacturing, Feb EC: CPI, Feb (prelim) CH: PMIs, February

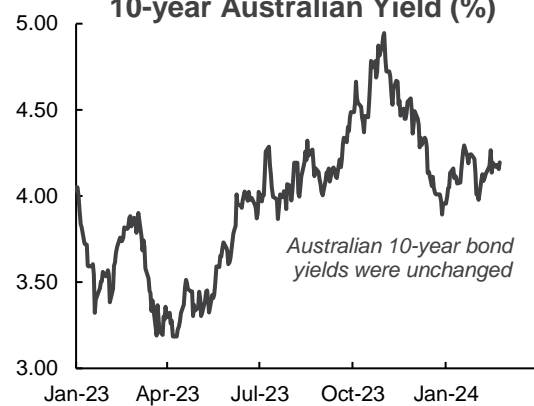
The week ahead

- Locally, monthly inflation data will show whether price pressures continued to ease in January. Retail trade data will provide an updated read on consumer spending. The first building blocks for the December quarter National Accounts will also be released.
- Inflation data will be the focus offshore, with data releases for the US, Europe and Japan.
- Corporate earnings reporting continues this week.

AUD/USD



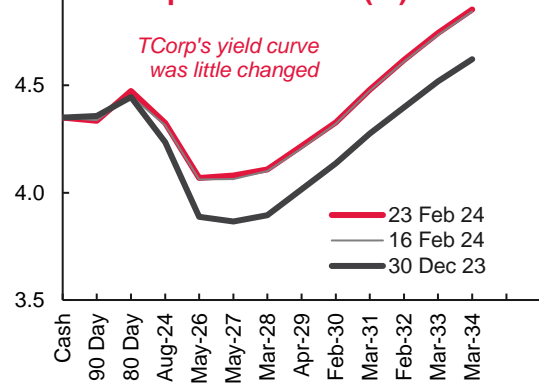
10-year Australian Yield (%)



ASX200 (Index)



TCorp Yield Curve (%)



Financial markets data: Week ending 23 February 2024

INTEREST RATES	CLOSE (%)	1 WEEK (BPS)		YTD (BPS)	
RBA Cash Rate	4.35	0	—	0	—
90-day BBSW	4.34	0	▼	-2	▼
3-year Australian Bond Yield	3.79	1	▲	18	▲
10-year Australian Bond Yield	4.20	0	▲	24	▲
20-year Australian Bond Yield	4.48	-1	▼	23	▲
10-year Australian Break-Even Inflation	2.50	-1	▼	-7	▼
10-year Australian Real Yield	1.69	1	▲	31	▲
Fed Funds Rate (lower bound)	5.25	0	—	0	—
2-year US Treasury Yield	4.69	5	▲	44	▲
10-year US Treasury Yield	4.25	-3	▼	37	▲
30-year US Treasury Yield	4.37	-7	▼	34	▲
10-year German Bund Yield	2.36	-4	▼	34	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
5.00% 20 August 2024	4.32	1	▲	9	▲
1.25% 20 March 2025	4.20	2	▲	17	▲
4.00% 20 May 2026	4.07	1	▲	18	▲
3.00% 20 May 2027	4.08	2	▲	21	▲
3.00% 20 March 2028	4.11	1	▲	21	▲
3.00% 20 April 2029	4.22	1	▲	20	▲
3.00% 20 February 2030	4.33	1	▲	19	▲
2.00% 20 March 2031	4.48	1	▲	20	▲
1.50% 20 February 2032	4.62	1	▲	22	▲
2.00% 8 March 2033	4.74	1	▲	23	▲
1.75% 20 March 2034	4.85	1	▲	23	▲
2.75% 20 November 2025 CIB	1.44	6	▲	37	▲
2.50% 20 November 2035 CIB	2.36	1	▲	29	▲
10-year NSW TCorp Bond Yield	4.79	1	▲	24	▲
10-year TCV (Victoria) Spread	0.09	0	▲	-2	▼
10-year QTC (Queensland) Spread	-0.05	0	▲	3	▲
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	7,644	-0.2%	▼	0.7%	▲
S&P500 (US)	5,089	1.7%	▲	6.7%	▲
FTSE 100 (UK)	7,706	-0.1%	▼	-0.3%	▼
DJ Stoxx600 (Europe)	497	1.2%	▲	3.8%	▲
Nikkei 225 (Japan)	39,099	1.6%	▲	16.8%	▲
Shanghai Composite (China)	3,005	4.8%	▲	1.0%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.656	0.5%	▲	-3.7%	▼
EUR/USD	1.082	0.4%	▲	-2.0%	▼
USD/JPY	150.51	0.2%	▲	6.7%	▲
GBP/USD	1.27	0.6%	▲	-0.5%	▼
US\$ Index	103.94	-0.3%	▼	2.6%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	81.62	-2.2%	▼	5.9%	▲
Iron Ore (US\$/t)	125.53	-3.7%	▼	-7.9%	▼
Coking Coal (US\$/t)	234.86	-5.9%	▼	-14.8%	▼
Gold (US\$/oz)	2,035.40	1.1%	▲	-1.3%	▼

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