

The week that was

- Risk appetite waxed and waned in financial markets throughout the week. Investors weighed impacts of new COVID-19 infection waves against a strong start to US earnings season and solid economic releases. On a net basis, sentiment strengthened with equities rising and bond yields falling.
- In Australia, retail sales and business confidence indicated a relatively solid base for activity prior to the lockdowns. Reserve Bank of Australia meeting minutes showed that the central bank will be flexible on its weekly bond buying, amid uncertainty.
- Globally, purchasing managers' indexes (PMIs) for July pointed to solid-paced activity in most major economies, though Australia's services PMI was weak.
- US 10-year bond yields fell 1bp to 1.28% for the week, German 10-year yields fell 7bps to -0.42%, while Australian 10-year bond yields fell 9bps to 1.20%. TCorp's 10-year yield fell 5bps to 1.53%.
- Equity markets had a volatile week, shuddering at the start before ultimately closing higher. The US, UK, Europe, Australia and China finished the week up. The S&P500 led on positive earnings season results, gaining 2.0%.
- The Australian dollar dropped 0.5% last week, to close at US\$0.737.

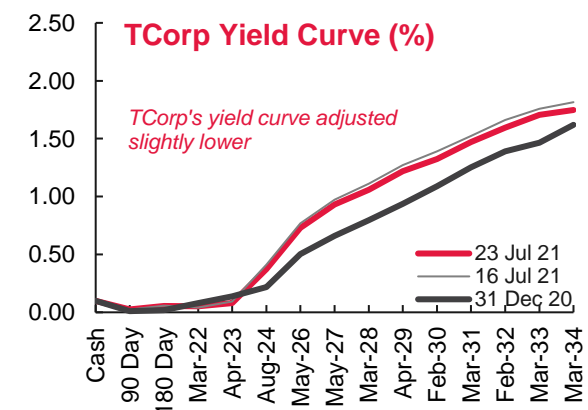
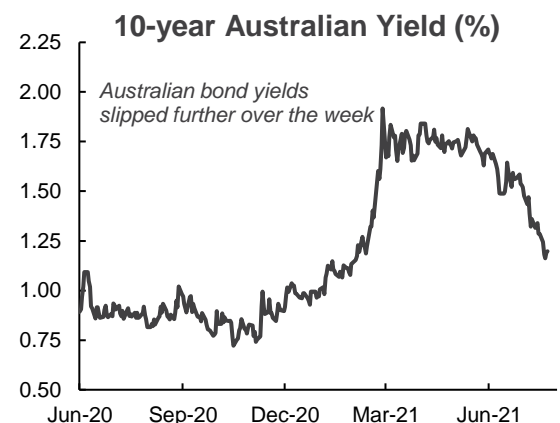
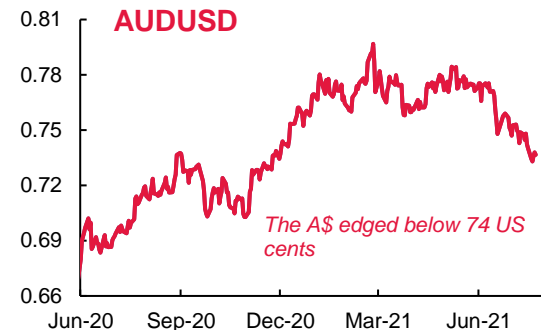
Economic calendar

Monday 26/7	EU: German IFO business survey
Tuesday 27/7	US: New Home Sales, Jun, Durable Goods Orders, Jun (Prelim)
Wednesday 28/7	AU: Consumer inflation, Jun Qtr US: Wholesale Inventories, Jun, Retail Inventories, Jun, Goods Trade Balance, Jun (Advanced)
Thursday 29/7	US: Federal Reserve Rate Decision, Jul, Core PCE Jun Qtr, GDP, Jun Qtr (Advanced)
Friday 30/7	AU: Private Sector Credit, Jun, US: Pending Home Sales, Jun EU: CPI, Jun (Prelim)

The week ahead

- The US Federal Reserve policy decision will be the key event. The focus for markets will be whether the central bank continues to see recent inflationary pressures as transitory, and its expectations for the pace of economic growth.
- For data, the US GDP release for the June quarter should affirm the robust recent pace of growth. CPI in Australia and Europe will also be important.

Financial markets charts



Financial markets data: Week ending 23 July 2021

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.10	0	—	0	—
90-day BBSW	0.03	0	▲	2	▲
3-year Australian Bond Yield	0.26	-3	▼	16	▲
10-year Australian Bond Yield	1.20	-9	▼	23	▲
20-year Australian Bond Yield	1.89	-1	▼	18	▲
10-year Australian Break-Even Inflation	2.06	-3	▼	29	▲
10-year Australian Real Yield	-0.86	-6	▼	-6	▼
Fed Funds Rate (lower bound)	0.00	0	—	0	—
2-year US Treasury Yield	0.20	-2	▼	8	▲
10-year US Treasury Yield	1.28	-1	▼	36	▲
30-year US Treasury Yield	1.92	0	▼	27	▲
10-year German Bund Yield	-0.42	-7	▼	15	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
6.00% 1 March 2022	0.05	1	▲	-3	▼
4.00% 20 April 2023	0.08	-1	▼	-6	▼
1.00% 8 February 2024	0.26	-1	▼	7	▲
5.00% 20 August 2024	0.37	-4	▼	15	▲
4.00% 20 May 2026	0.73	-4	▼	23	▲
3.00% 20 May 2027	0.93	-4	▼	27	▲
3.00% 20 March 2028	1.06	-5	▼	26	▲
3.00% 20 April 2029	1.22	-5	▼	28	▲
3.00% 20 February 2030	1.32	-7	▼	24	▲
2.00% 20 March 2031	1.47	-5	▼	22	▲
1.50% 20 February 2032	1.60	-7	▼	20	▲
2.00% 8 March 2033	1.71	-5	▼	24	▲
3.50% 20 March 2034	1.75	-7	▼	13	▲
2.75% 20 November 2025 CIB	-1.37	-7	▼	-26	▼
2.50% 20 November 2035 CIB	-0.19	-11	▼	-10	▼
10-year NSW TCorp Bond Yield	1.53	-5	▼	29	▲
10-year TCV (Victoria) Spread	-0.03	0	▲	-5	▼
10-year QTC (Queensland) Spread	-0.06	-1	▼	-2	▼
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	7,394	0.6%	▲	12.3%	▲
S&P500 (US)	4,412	2.0%	▲	17.5%	▲
FTSE 100 (UK)	7,028	0.3%	▲	8.8%	▲
DJ Stoxx 600 (Europe)	462	1.5%	▲	15.7%	▲
Nikkei 225 (Japan)	27,548	-1.6%	▼	0.4%	▲
Shanghai Composite (China)	3,550	0.3%	▲	2.2%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.737	-0.5%	▼	-4.3%	▼
EUR/USD	1.177	-0.3%	▼	-3.6%	▼
USD/JPY	110.55	0.4%	▲	7.1%	▲
GBP/USD	1.37	-0.1%	▼	0.6%	▲
US\$ Index	92.91	0.2%	▲	3.3%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	74.10	0.7%	▲	43.1%	▲
Iron Ore (US\$/t)	197.33	-7.8%	▼	24.6%	▲
Coking Coal (US\$/t)	2,020.50	5.1%	▲	34.7%	▲
Gold (US\$/oz)	1,802.15	-0.5%	▼	-5.1%	▼

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