

Weekly Economic Report

26 June 2023

Financial markets charts

The week that was

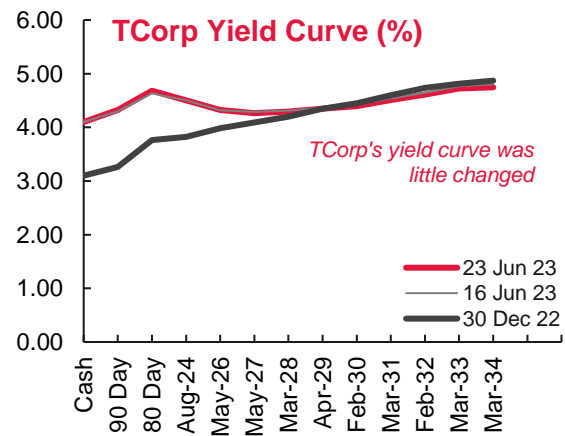
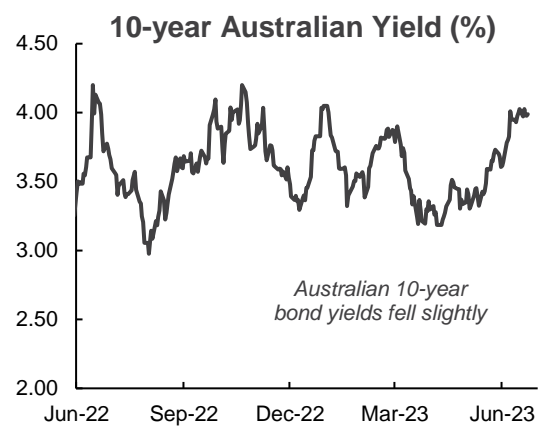
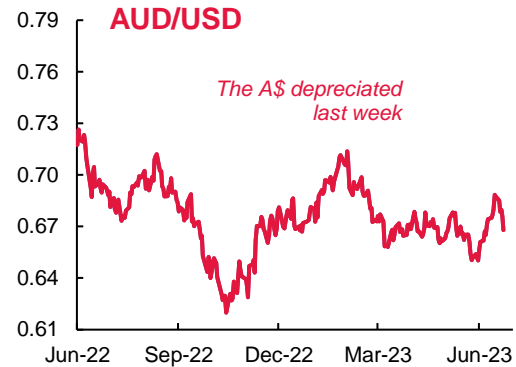
- The Reserve Bank of Australia's (RBA) June meeting minutes were interpreted by investors as dovish, with the RBA removing any reference to the need for further monetary policy tightening. It noted that the decision to raise rates was finely balanced against the option of holding rates steady. Australian 10-year bond yields ended the week 4bps lower, while the ASX200 fell 2.1% and the Australian dollar depreciated by 2.8%.
- US Federal Reserve Chair Powell, in his congressional testimony, reiterated that more rate hikes could be needed over the second half of this year. He also noted that Fed officials do not see rate cuts any time soon. US 10-year bond yields declined by 3bps and the S&P500 fell 1.4%.
- UK inflation surprised to the upside again and the Bank of England raised its policy rate by 50bps. The Norwegian Central Bank and the Swiss National Bank also raised their policy rates, by 50bps and 25bps respectively.
- Preliminary global PMI data for June showed that global manufacturing activity contracted further, while activity in services sectors continues to expand, but at a more moderate pace.

Economic calendar

Monday 26/06	US: Dallas Fed Manufacturing Activity, Jun
Tuesday 27/06	CA: CPI, May US: New home sales, May; Conference Board consumer confidence, Jun; Durable goods orders, May; Richmond Fed Manufacturing Index, Jun
Wednesday 28/06	AU: Monthly CPI indicator, May UK: Nationwide House Prices, Jun
Thursday 29/06	AU: Retail sales & Job vacancies, May US: GDP, March qtr (third) GE: CPI, June (prelim) EC: Consumer confidence, June (final)
Friday 30/06	US: Core PCE Deflator, May; Personal income & spending, May; Uni of Michigan sentiment, June (final) AU: Private sector credit, May EC: CPI, June (prelim); Unemployment rate, May JN: Tokyo CPI, Jun CH: Official PMIs, Jun

The week ahead

- Key data releases locally will be monthly inflation data and retail sales for May.
- In the US, the core Personal Consumption Expenditure (PCE) deflator will show whether inflationary pressures have continued to ease.
- Commentary from officials at the European Central Bank's annual conference will be a focus.



Financial markets data: Week ending 23 June 2023

INTEREST RATES	CLOSE (%)	1 WEEK (BPS)		YTD (BPS)	
RBA Cash Rate	4.10	0	—	100	▲
90-day BBSW	4.32	2	▲	106	▲
3-year Australian Bond Yield	4.02	0	▲	52	▲
10-year Australian Bond Yield	3.99	-4	▼	-6	▼
20-year Australian Bond Yield	4.24	-8	▼	-13	▼
10-year Australian Break-Even Inflation	2.50	-3	▼	4	▲
10-year Australian Real Yield	1.49	0	▼	-10	▼
Fed Funds Rate (lower bound)	5.00	0	—	75	▲
2-year US Treasury Yield	4.74	3	▲	32	▲
10-year US Treasury Yield	3.73	-3	▼	-14	▼
30-year US Treasury Yield	3.81	-4	▼	-15	▼
10-year German Bund Yield	2.35	-12	▼	-22	▼
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
1.00% 8 February 2024	4.51	-1	▼	77	▲
5.00% 20 August 2024	4.50	0	▼	68	▲
1.25% 20 March 2025	4.46	1	▲	62	▲
4.00% 20 May 2026	4.32	0	▲	34	▲
3.00% 20 May 2027	4.27	-2	▼	18	▲
3.00% 20 March 2028	4.30	-2	▼	10	▲
3.00% 20 April 2029	4.35	-2	▼	0	▲
3.00% 20 February 2030	4.40	-3	▼	-5	▼
2.00% 20 March 2031	4.51	-3	▼	-9	▼
1.50% 20 February 2032	4.61	-4	▼	-13	▼
2.00% 8 March 2033	4.73	-4	▼	-9	▼
3.50% 20 March 2034	4.75	-6	▼	-12	▼
2.75% 20 November 2025 CIB	1.29	2	▲	48	▲
2.50% 20 November 2035 CIB	2.29	0	—	-9	▼
10-year NSW TCorp Bond Yield	4.71	-4	▼	-4	▼
10-year TCV (Victoria) Spread	0.03	1	▲	-1	▼
10-year QTC (Queensland) Spread	-0.11	0	▼	-5	▼
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	7,099	-2.1%	▼	0.9%	▲
S&P500 (US)	4,348	-1.4%	▼	13.3%	▲
FTSE 100 (UK)	7,462	-2.4%	▼	0.1%	▲
DJ Stoxx600 (Europe)	453	-2.9%	▼	6.6%	▲
Nikkei 225 (Japan)	32,782	-2.7%	▼	25.6%	▲
Shanghai Composite (China)	3,198	-2.3%	▼	3.5%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.668	-2.8%	▼	-2.0%	▼
EUR/USD	1.089	-0.4%	▼	1.8%	▲
USD/JPY	143.70	1.3%	▲	9.6%	▲
GBP/USD	1.27	-0.8%	▼	5.2%	▲
US\$ Index	102.90	0.6%	▲	-0.6%	▼
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	73.85	-3.6%	▼	-14.0%	▼
Iron Ore (US\$/t)	112.41	-1.2%	▼	1.0%	▲
Coking Coal (US\$/t)	205.79	2.6%	▲	-42.9%	▼
Gold (US\$/oz)	1,921.20	-1.9%	▼	5.3%	▲

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