

Weekly Economic Report

27 February 2023

Financial markets charts

The week that was

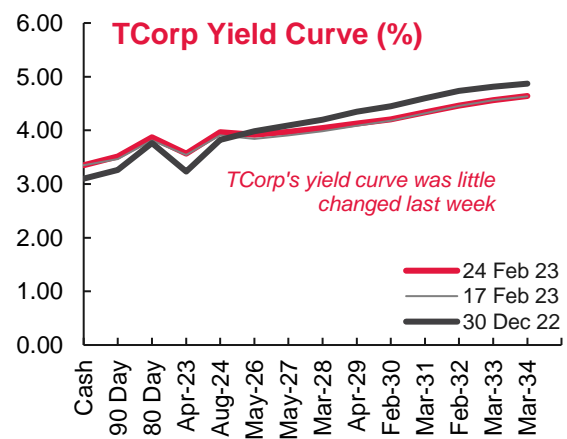
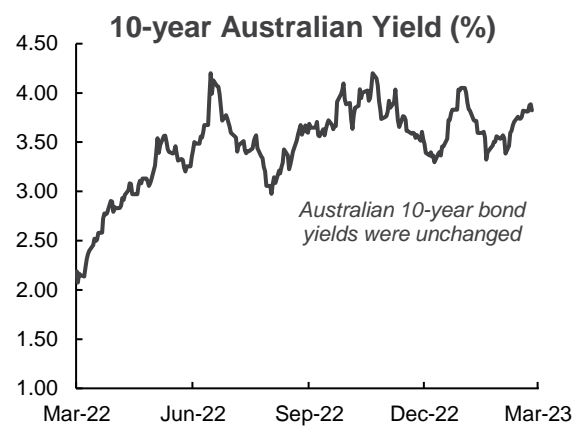
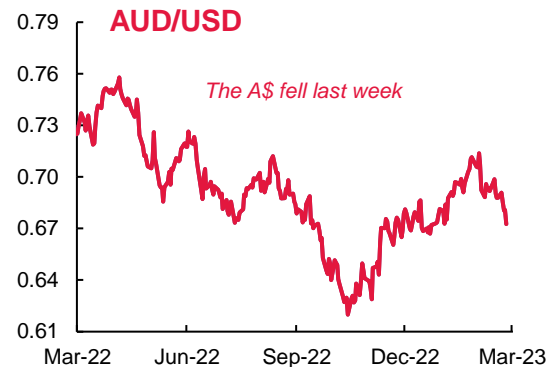
- Investors now expect the US Federal Reserve to keep interest rates elevated for longer to bring down inflation after the PCE deflator was higher-than-expected in January. US 10-year bond yields rose by 13bps and the S&P500 fell by 2.7% last week.
- Preliminary Global PMI data indicated that activity across major developed economies remained more resilient than expected in February, particularly in the services sectors.
- Minutes from the Reserve Bank of Australia's February policy meeting were interpreted as confirming the bank's recent more hawkish sentiment. However, a key measure of wage growth – the Wage Price Index – grew a slower-than-expected 0.8% in the December quarter. Australian 10-year bond yields ended the week unchanged and the ASX200 fell by 0.5%. The Australian dollar declined by 2.2%.

Economic calendar

Monday 27/02	US: Durable goods orders, Jan (prelim); Pending home sales, Jan EC: Consumer confidence, Feb (final)
Tuesday 28/02	AU: Retail sales, Jan; Private sector credit, Jan JP: Industrial production, Jan (prelim); Retail sales (Jan) US: Conference Board consumer confidence, Feb
Wednesday 01/03	AU: GDP, Dec qtr; Monthly CPI, Jan; Judo Bank Australia PMI Services, Feb (final) US & EC: S&P Global Manufacturing PMI, Feb (final) US: ISM Manufacturing index, Feb CH: Official PMIs, Feb
Thursday 02/03	AU: Building approvals, Jan EC: CPI, Feb (prelim); Unemployment rate, Jan; ECB minutes, February meeting
Friday 03/03	JP: Tokyo CPI, Feb; Jobless rate (Jan) AU: Judo Bank Australia PMI Services, Feb (final) US & EC: S&P Global Services PMI, Feb (final) US: ISM Services index, Feb CH: Caixin PMIs, Feb

The week ahead

- Australian December quarter GDP, January retail sales and building approvals data, will provide important reads on economic activity.
- In the US, the ISM indexes will indicate if economic momentum remained resilient in February, as suggested by preliminary PMI data last week.
- In the Eurozone, preliminary CPI data for February and the release of the minutes from the ECB's February meeting will be closely watched.



Financial markets data: Week ending 24 February 2023

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	3.35	0	—	25	▲
90-day BBSW	3.51	5	▲	25	▲
3-year Australian Bond Yield	3.57	7	▲	6	▲
10-year Australian Bond Yield	3.82	0	▲	-23	▼
20-year Australian Bond Yield	4.16	-2	▼	-21	▼
10-year Australian Break-Even Inflation	2.47	-6	▼	1	▲
10-year Australian Real Yield	1.35	7	▲	-24	▼
Fed Funds Rate (lower bound)	4.50	0	—	25	▲
2-year US Treasury Yield	4.81	20	▲	39	▲
10-year US Treasury Yield	3.94	13	▲	7	▲
30-year US Treasury Yield	3.93	6	▲	-3	▼
10-year German Bund Yield	2.54	10	▲	-3	▼
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 20 April 2023	3.57	2	▲	34	▲
1.00% 8 February 2024	3.96	6	▲	22	▲
5.00% 20 August 2024	3.97	6	▲	14	▲
1.25% 20 March 2025	3.90	7	▲	5	▲
4.00% 20 May 2026	3.92	8	▲	-6	▼
3.00% 20 May 2027	3.97	7	▲	-12	▼
3.00% 20 March 2028	4.04	6	▲	-16	▼
3.00% 20 April 2029	4.13	4	▲	-22	▼
3.00% 20 February 2030	4.21	3	▲	-24	▼
2.00% 20 March 2031	4.33	2	▲	-26	▼
1.50% 20 February 2032	4.46	1	▲	-28	▼
2.00% 8 March 2033	4.56	0	▼	-25	▼
3.50% 20 March 2034	4.64	1	▲	-23	▼
2.75% 20 November 2025 CIB	0.55	7	▲	-27	▼
2.50% 20 November 2035 CIB	2.13	6	▲	-25	▼
10-year NSW TCorp Bond Yield	4.52	0	▲	-24	▼
10-year TCV (Victoria) Spread	-0.01	1	▲	-5	▼
10-year QTC (Queensland) Spread	-0.08	1	▲	-2	▼
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	7,307	-0.5%	▼	3.8%	▲
S&P500 (US)	3,970	-2.7%	▼	3.4%	▲
FTSE 100 (UK)	7,879	-1.6%	▼	5.7%	▲
DJ Stoxx600 (Europe)	458	-1.4%	▼	7.7%	▲
Nikkei 225 (Japan)	27,453	-0.2%	▼	5.2%	▲
Shanghai Composite (China)	3,267	1.3%	▲	5.8%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.673	-2.2%	▼	-1.3%	▼
EUR/USD	1.055	-1.4%	▼	-1.5%	▼
USD/JPY	136.48	1.7%	▲	4.1%	▲
GBP/USD	1.19	-0.8%	▼	-1.2%	▼
US\$ Index	105.21	1.3%	▲	1.6%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	83.16	0.2%	▲	-3.2%	▼
Iron Ore (US\$/t)	126.13	0.5%	▲	13.3%	▲
Coking Coal (US\$/t)	432.20	23.4%	▲	19.9%	▲
Gold (US\$/oz)	1,811.04	-1.7%	▼	-0.7%	▼

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 99 095 235 825

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