

## The week that was

- The Australian Treasurer confirmed that the budget deficit would be close to 10% of GDP in 2020-21 in the Government's July Economic Statement. And, in a sign of the uncertainty facing the economy, the Government wouldn't provide forecasts for the budget or the economy beyond the current fiscal year.
- The Government also announced the extension of the JobKeeper and JobSeeker policy measures beyond September, albeit at a reduced rate.
- While the Australian equity market bounced after the extension was announced, it couldn't sustain those gains and ended the week 0.2% lower. The US stock market also closed 0.3% lower, while equities were even weaker in Europe where the market fell by 1.5%.
- While the Australian dollar has tended to follow global equity markets this year, it diverged last week by rising 1.6% to above US 71 cents.

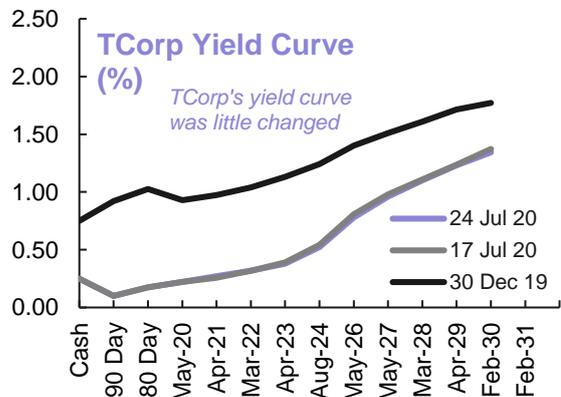
## Economic calendar

<b>Monday</b> 27/07	AU: RBA Assistant Governor Kent speech EU: IFO Business survey
<b>Tuesday</b> 28/07	AU: Weekly payrolls
<b>Wednesday</b> 29/07	AU: Consumer price index, Q2 US: FOMC meeting
<b>Thursday</b> 30/07	AU: Building approvals US: GDP (Q2)
<b>Friday</b> 31/07	EU: GDP (Q2) CH: PMIs

## The week ahead

- It is a busy week for economic data and events. In Australia, the consumer price index is likely to show a sharp fall in prices in the June quarter. Building approvals will also reveal the extent to which housing construction has weakened. In addition, the Statistician will release its latest update of the number of people on company payrolls.
- Globally, the US central bank will hold a policy meeting, although we don't expect further monetary policy actions will be unveiled. More attention will probably focus on whether US politicians will extend their fiscal stimulus.
- In terms of economic data, June quarter economic growth for the June quarter will be released in the US and EU. Given that this period covers the worst of the COVID-19 shutdowns, we can expect to see record declines in activity. China will also release its Purchasing Managers' Indexes for July which will highlight how its recovery is progressing.

## Financial markets charts



## Financial markets data: Week ending 24 July 2020

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.25	0	–	-50	▼
90-day BBSW	0.10	0	▲	-82	▼
3-year Australian Bond Yield	0.27	0	–	-64	▼
10-year Australian Bond Yield	0.87	0	▼	-50	▼
20-year Australian Bond Yield	1.60	-4	▼	-27	▼
10-year Australian Break-Even Inflation	1.19	6	▲	-22	▼
10-year Australian Real Yield	-0.32	-6	▼	-29	▼
Fed Funds Rate (lower bound)	0.00	0	–	-150	▼
2-year US Treasury Yield	0.15	0	▲	-142	▼
10-year US Treasury Yield	0.59	-4	▼	-133	▼
30-year US Treasury Yield	1.23	-10	▼	-116	▼
10-year German Bund Yield	-0.45	0	▼	-26	▼
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 8 April 2021	0.27	1	▲	-73	▼
6.00% 1 March 2022	0.32	0	▲	-74	▼
4.00% 20 April 2023	0.38	-1	▼	-79	▼
1.00% 8 February 2024	0.48	-2	▼	-80	▼
5.00% 20 August 2024	0.52	-2	▼	-76	▼
4.00% 20 May 2026	0.78	-3	▼	-67	▼
3.00% 20 May 2027	0.96	-2	▼	-61	▼
3.00% 20 March 2028	1.10	-1	▼	-57	▼
3.00% 20 April 2029	1.23	0	▼	-55	▼
3.00% 20 February 2030	1.34	-3	▼	-50	▼
2.00% 20 March 2031	1.48	-2	▼	-48	▼
2.00% 20 March 2032	1.70	-2	▼	n/a	n/a
2.00% 20 March 2033	1.79	-1	▼	-41	▼
3.75% 20 August 2020 CIB	0.32	-175	▼	100	▲
2.75% 20 November 2025 CIB	0.12	-4	▼	3	▲
2.50% 20 November 2035 CIB	0.57	-6	▼	n/a	n/a
10-year NSW TCorp Bond Yield	1.42	-2	▼	-43	▼
10-year TCV (Victoria) Spread	-0.02	1	▲	0	▼
10-year QTC (Queensland) Spread	0.00	0	▼	-3	▼
Equities	Close	1 Week		YTD	
S&P/ASX 200 (Australia)	6,024	-0.2%	▼	-9.9%	▼
S&P 500 (US)	3,216	-0.3%	▼	-0.5%	▼
FTSE 100 (UK)	6,124	-2.6%	▼	-18.8%	▼
Euro Stoxx 600 (Europe)	367	-1.5%	▼	-11.7%	▼
Nikkei 225 (Japan)	22,752	0.2%	▲	-3.8%	▼
Shanghai Composite (China)	3,197	-0.5%	▼	4.8%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.711	1.6%	▲	1.4%	▲
EUR/USD	1.166	2.0%	▲	3.9%	▲
USD/JPY	106.14	-0.8%	▼	-2.2%	▼
GBP/USD	1.28	1.8%	▲	-2.9%	▼
US\$ Index	94.44	-1.6%	▼	-2.0%	▼
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	43.34	0.5%	▲	-34.3%	▼
Iron Ore (US\$/t)	107.78	-0.2%	▼	17.8%	▲
Coking Coal (US\$/t)	1,297.00	4.1%	▲	7.5%	▲
Gold (US\$/oz)	1,902.02	5.1%	▲	25.4%	▲

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