

# Weekly Economic Report

27 May 2024

## Financial markets charts

### The week that was

- Minutes from the Reserve Bank of Australia's (RBA) May Board meeting were in line with Governor Michele Bullock's post-meeting comments and reiterated the Board's neutral stance. In contrast, investors think that other central banks have become more hawkish. But while most central banks continue to reiterate a cautious approach to rate cuts, they still appear comfortable about the inflation outlook.
- The perceived hawkish tone from central banks, combined with stronger-than-expected economic data – particularly in the US – pushed up global bond yields last week. US 10-year yields ended the week 5bps higher and Australian 10-year yields rose 10bps. Shorter-term yields rose by slightly more.
- Higher bond yields weighed on equity markets, with the ASX200 falling by 1.1% and the S&P500 remaining unchanged. However, the technology sector performed strongly last week, boosted by a strong corporate earnings report from NVIDIA, which is benefitting from booming interest in artificial intelligence.
- The Australian dollar depreciated by 1% last week, to around US\$0.66. Oil prices fell 2.2%, partly unwinding their sharp rise since the start of this year.

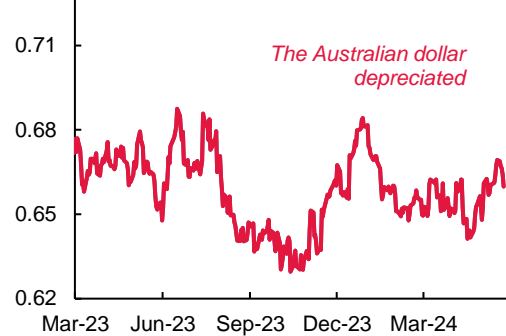
### Economic calendar

<b>Monday</b> 27/05	GE: IFO business climate, May
<b>Tuesday</b> 28/05	AU: Retail sales, Apr US: Consumer confidence, May
<b>Wednesday</b> 29/05	AU: Monthly CPI, Apr; Construction work done, Mar qtr; Private capital expenditure, Mar qtr
<b>Thursday</b> 30/05	US: GDP, Mar qtr (second release) AU: Building approvals, Apr
<b>Friday</b> 31/05	US: Core PCE deflator, Apr EC: CPI, May (preliminary) JN: Tokyo CPI, May CH: PMIs, May

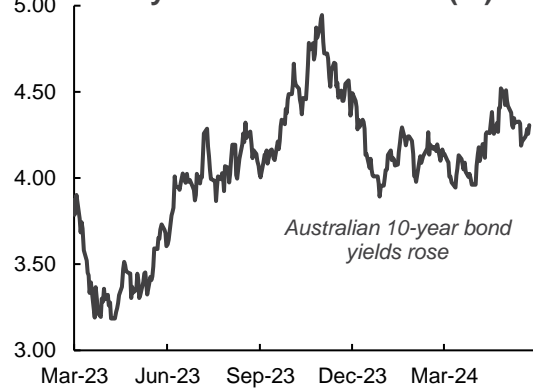
### The week ahead

- US inflation data will be the focus this week, with the release of the Personal Consumption Expenditure (PCE) deflator for April, which is the US central bank's preferred measure of inflation. Investors expect prices will have risen by 0.3%. An upside surprise would likely deliver an unwelcome jolt to financial markets.
- Locally, monthly inflation data for April will provide an updated read on domestic inflationary pressures. Retail sales and building approvals for April, as well as activity indicators for the March quarter, will also be released ahead of the GDP data next week.

#### AUD/USD



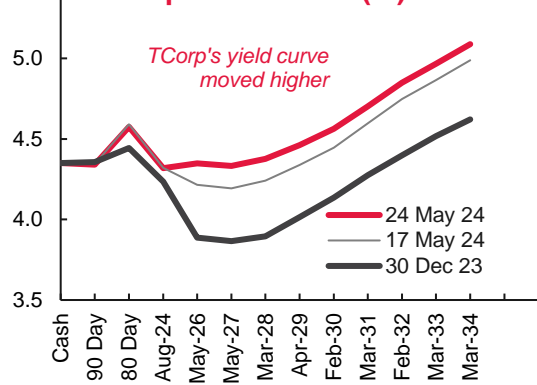
#### 10-year Australian Yield (%)



#### ASX200 (Index)



#### TCorp Yield Curve (%)



## Financial markets data: Week ending 24 May 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	3.98	14	▲	37	▲
10-year Australian Bond Yield	4.31	10	▲	35	▲
20-year Australian Bond Yield	4.59	10	▲	35	▲
10-year Australian Break-Even Inflation	2.48	0	▼	-9	▼
10-year Australian Real Yield	1.83	10	▲	45	▲
Fed Funds Rate (lower bound)	5.25	0	—	0	—
2-year US Treasury Yield	4.95	12	▲	70	▲
10-year US Treasury Yield	4.47	5	▲	59	▲
30-year US Treasury Yield	4.57	1	▲	54	▲
10-year German Bund Yield	2.58	7	▲	56	▲
<b>NSW TCorp Bonds</b>	<b>Close (%)</b>	<b>1 Week (bps)</b>		<b>YTD (bps)</b>	
5.00% 20 August 2024	4.31	-1	▼	8	▲
1.25% 20 March 2025	4.38	6	▲	35	▲
4.00% 20 May 2026	4.35	13	▲	46	▲
3.00% 20 May 2027	4.33	14	▲	46	▲
3.00% 20 March 2028	4.38	14	▲	48	▲
3.00% 20 April 2029	4.46	12	▲	45	▲
3.00% 20 February 2030	4.57	12	▲	43	▲
2.00% 20 March 2031	4.71	11	▲	43	▲
1.50% 20 February 2032	4.86	11	▲	46	▲
2.00% 8 March 2033	4.97	11	▲	46	▲
1.75% 20 March 2034	5.09	11	▲	47	▲
2.75% 20 November 2025 CIB	1.74	0	—	67	▲
2.50% 20 November 2035 CIB	2.45	10	▲	38	▲
10-year NSW TCorp Bond Yield	5.06	11	▲	51	▲
10-year TCV (Victoria) Spread	0.05	1	▲	-6	▼
10-year QTC (Queensland) Spread	-0.01	0	▲	7	▲
<b>Equities</b>	<b>Close</b>	<b>1 Week</b>		<b>YTD</b>	
S&P/ASX200 (Australia)	7,728	-1.1%	▼	1.8%	▲
S&P500 (US)	5,305	0.0%	▲	11.2%	▲
FTSE 100 (UK)	8,318	-1.2%	▼	7.6%	▲
DJ Stoxx600 (Europe)	521	-0.5%	▼	8.7%	▲
Nikkei 225 (Japan)	38,646	-0.4%	▼	15.5%	▲
Shanghai Composite (China)	3,089	-2.1%	▼	3.8%	▲
<b>Currencies</b>	<b>Close</b>	<b>1 Week</b>		<b>YTD</b>	
AUD/USD	0.663	-1.0%	▼	-2.7%	▼
EUR/USD	1.085	-0.2%	▼	-1.7%	▼
USD/JPY	156.99	0.9%	▲	11.3%	▲
GBP/USD	1.27	0.3%	▲	0.0%	▲
US\$ Index	104.72	0.3%	▲	3.3%	▲
<b>Commodities</b>	<b>Close</b>	<b>1 Week</b>		<b>YTD</b>	
Brent Oil (US\$/bbl)	82.12	-2.2%	▼	6.6%	▲
Iron Ore (US\$/t)	118.37	1.0%	▲	-13.2%	▼
Coking Coal (US\$/t)	195.91	-5.6%	▼	-28.9%	▼
Gold (US\$/oz)	2,333.83	-3.4%	▼	13.1%	▲

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