

Financial markets charts

The week that was

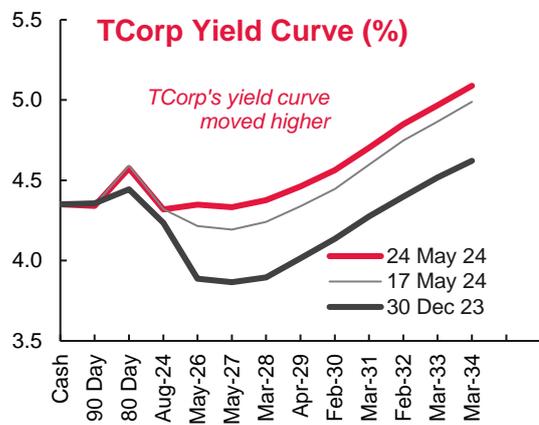
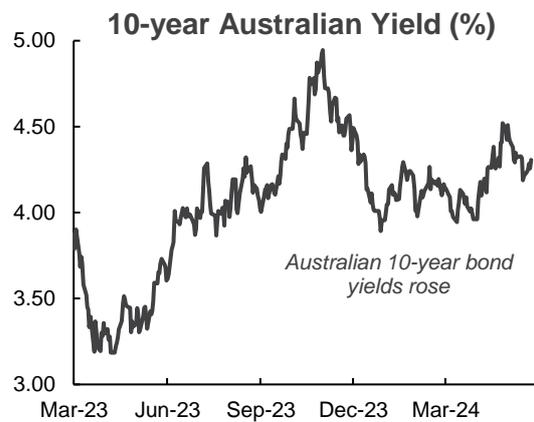
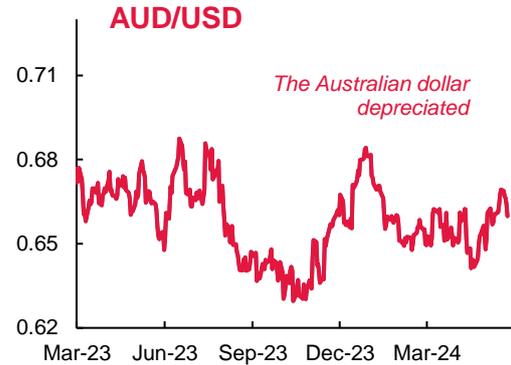
- Minutes from the Reserve Bank of Australia's (RBA) May Board meeting were in line with Governor Michele Bullock's post-meeting comments and reiterated the Board's neutral stance. In contrast, investors think that other central banks have become more hawkish. But while most central banks continue to 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

Monday 27/05	GE: IFO business climate, May
Tuesday 28/05	AU: Retail sales, Apr US: Consumer confidence, May
Wednesday 29/05	AU: Monthly CPI, Apr; Construction work done, Mar qtr; Private capital expenditure, Mar qtr
Thursday 30/05	US: GDP, Mar qtr (second release) AU: Building approvals, Apr
Friday 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.



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	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
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	▲
Equities	Close	1 Week		YTD	
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%	▲
Currencies	Close	1 Week		YTD	
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%	▲
Commodities	Close	1 Week		YTD	
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%	▲

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 99 235 825

Disclaimer

The opinions, forecasts and data contained in this report is based on the research of TCorp as at the date of publication and is subject to change without notice. TCorp is not responsible for the accuracy, adequacy, completeness of any information in the report provided by third parties. This report is provided for general information purposes only and should not be relied upon for investment or trading purposes. This report is not intended to forecast or predict future events.

Unauthorised copying and distribution of this material is prohibited.

© New South Wales Treasury Corporation 2024. All rights reserved.

About TCorp

TCorp provides best-in-class investment management, financial management, solutions and advice to the New South Wales (NSW) public sector. With A\$109 billion of assets under management, TCorp is a top 10 Australian investment manager and is the central borrowing authority of the state of NSW, with a balance sheet of A\$169 billion. It is rated Aaa (Stable) by Moody's, AAA (Stable) by Fitch, and AA+ (Stable) by S&P.