

# Weekly economic report

28 August 2023

## Financial markets charts

### The week that was

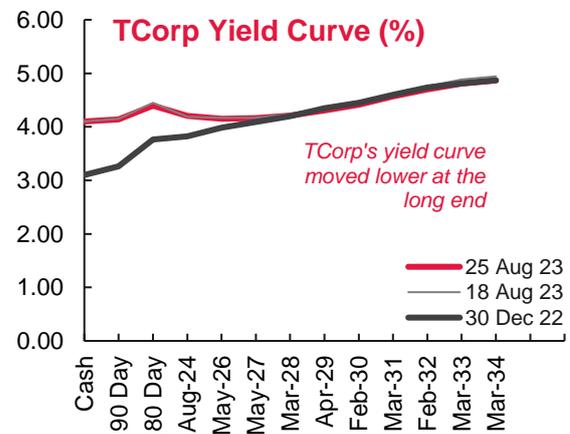
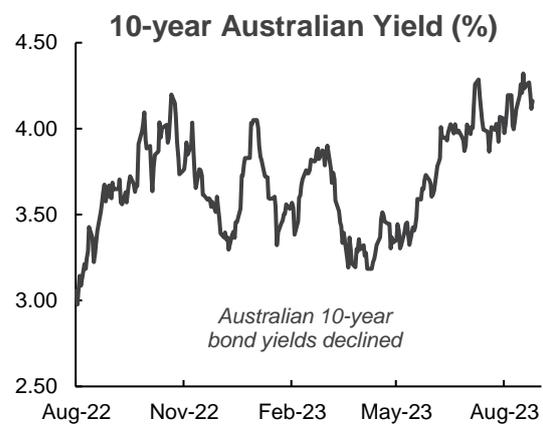
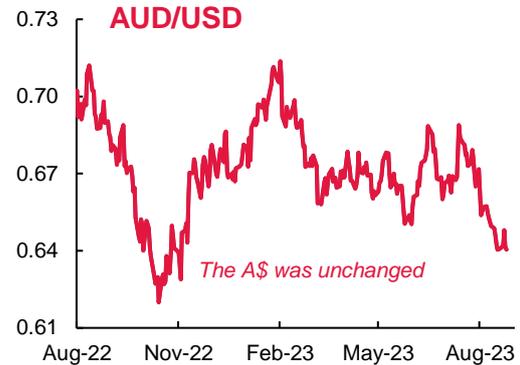
- US Federal Reserve Chairman Powell's speech at the annual Jackson Hole Economic Symposium retained the Fed's hawkish bias, noting that it was too soon to declare the hiking cycle over. He stated that the Fed will keep policy restrictive until it is confident that inflation is falling sustainably to 2%. US 10-year bond yields ended the week 2bps lower, while 2-year yields rose 14bps to above 5%.
- Global equity markets were boosted by a stronger-than-expected earnings report and sales outlook from Nvidia. The S&P500 rose 0.8% last week.
- Preliminary global PMI data for August was weaker than expected, indicating a widespread slowing in activity, particularly in Europe and the UK. This supported equity markets as investors believed it would reduce the likelihood of further interest rate hikes by central banks globally.
- In a quiet data week locally, Australian 10-year bond yields declined 7bps, the ASX200 fell 0.5% and the Australian dollar was unchanged against the US dollar.

### Economic calendar

<b>Monday</b> 28/08	AU: Retail sales, Jul US: Dallas Fed Manufacturing Activity, Aug
<b>Tuesday</b> 29/08	US: JOLTS job openings, Jul; Conference Board consumer confidence, Aug AU: RBA Deputy Governor speech
<b>Wednesday</b> 30/08	US: ADP Employment, Aug; GDP, Jun qtr (second) AU: Monthly CPI, Jul; Building approvals, Jul GE: CPI, Aug (prelim)
<b>Thursday</b> 31/08	US: Core PCE deflator, Jul AU: Private sector credit, Jul; Private capex, Jun qtr CH: Official PMIs, Aug EC: CPI, Aug (prelim)
<b>Friday</b> 01/09	US: Non-farm payrolls, Aug; ISM Manufacturing, Aug AU: New housing lending, Jul; CoreLogic dwelling prices, Aug CH: Caixin Manufacturing PMI, Aug

### The week ahead

- In the US, non-farm payrolls, the core PCE deflator and the ISM manufacturing survey will provide important reads on the labour market, inflation, and activity in the manufacturing sector.
- Locally, investors will focus on the monthly inflation report and various activity indicators – retail sales, building approvals, investment, and credit growth.
- PMI data in China will show whether economic activity has slowed further. Inflation data in Europe will also be closely watched.



## Financial markets data: Week ending 25 August 2023

INTEREST RATES	CLOSE (%)	1 WEEK (BPS)		YTD (BPS)	
RBA Cash Rate	4.10	0	–	100	▲
90-day BBSW	4.14	-1	▼	87	▲
3-year Australian Bond Yield	3.85	-4	▼	35	▲
10-year Australian Bond Yield	4.16	-7	▼	11	▲
20-year Australian Bond Yield	4.47	-8	▼	10	▲
10-year Australian Break-Even Inflation	2.49	-1	▼	3	▲
10-year Australian Real Yield	1.67	-6	▼	8	▲
Fed Funds Rate (lower bound)	5.25	0	–	100	▲
2-year US Treasury Yield	5.08	14	▲	65	▲
10-year US Treasury Yield	4.24	-2	▼	36	▲
30-year US Treasury Yield	4.28	-9	▼	32	▲
10-year German Bund Yield	2.56	-6	▼	-1	▼
<b>NSW TCorp Bonds</b>	<b>Close (%)</b>	<b>1 Week (bps)</b>		<b>YTD (bps)</b>	
1.00% 8 February 2024	4.16	-1	▼	42	▲
5.00% 20 August 2024	4.20	1	▲	38	▲
1.25% 20 March 2025	4.21	-2	▼	37	▲
4.00% 20 May 2026	4.15	-2	▼	17	▲
3.00% 20 May 2027	4.16	-1	▼	8	▲
3.00% 20 March 2028	4.21	-3	▼	1	▲
3.00% 20 April 2029	4.30	-5	▼	-4	▼
3.00% 20 February 2030	4.41	-5	▼	-4	▼
2.00% 20 March 2031	4.57	-6	▼	-3	▼
1.50% 20 February 2032	4.70	-6	▼	-4	▼
2.00% 8 March 2033	4.81	-8	▼	0	▼
3.50% 20 March 2034	4.87	-8	▼	0	▼
2.75% 20 November 2025 CIB	1.23	-3	▼	42	▲
2.50% 20 November 2035 CIB	2.37	-8	▼	-7	▼
10-year NSW TCorp Bond Yield	4.81	-7	▼	5	▲
10-year TCV (Victoria) Spread	0.02	0	▼	-2	▼
10-year QTC (Queensland) Spread	-0.09	0	▼	-3	▼
<b>Equities</b>	<b>Close</b>	<b>1 Week</b>		<b>YTD</b>	
S&P/ASX200 (Australia)	7,115	-0.5%	▼	1.1%	▲
S&P500 (US)	4,406	0.8%	▲	14.7%	▲
FTSE 100 (UK)	7,339	1.0%	▲	-1.5%	▼
DJ Stoxx600 (Europe)	451	0.7%	▲	6.2%	▲
Nikkei 225 (Japan)	31,624	0.6%	▲	21.2%	▲
Shanghai Composite (China)	3,064	-2.2%	▼	-0.8%	▼
<b>Currencies</b>	<b>Close</b>	<b>1 Week</b>		<b>YTD</b>	
AUD/USD	0.640	0.0%	▼	-6.0%	▼
EUR/USD	1.080	-0.7%	▼	0.9%	▲
USD/JPY	146.44	0.7%	▲	11.7%	▲
GBP/USD	1.26	-1.2%	▼	4.1%	▲
US\$ Index	104.08	0.7%	▲	0.5%	▲
<b>Commodities</b>	<b>Close</b>	<b>1 Week</b>		<b>YTD</b>	
Brent Oil (US\$/bbl)	84.48	-0.4%	▼	-1.7%	▼
Iron Ore (US\$/t)	109.55	2.1%	▲	-1.6%	▼
Coking Coal (US\$/t)	211.72	5.2%	▲	-41.2%	▼
Gold (US\$/oz)	1,914.96	1.4%	▲	5.0%	▲

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