

Weekly Economic Report

28 February 2022

The week that was

- Markets reacted to the Ukraine crisis with highly volatile trading in commodities, equities and bonds. Risk appetite suffered; equities largely fell, bond yields continued to rise, and ongoing expectations that central banks will tighten monetary policy.
- Australian wages growth was a focus, given the Reserve Bank of Australia's (RBA) emphasis on sustained wage inflation as a pre-condition to raise interest rates. Wages grew a gradual 2.3% year-on-year, or 2.8%, including bonuses. Both are below the RBA's sustained 3% threshold.
- Global bond yields were higher, albeit the pace of increase has slowed. The US 10-year yield rose 3bps to 1.96%, and the German 10-year yield gained 4bps to 0.23%. Australian 10-year yields closed at 2.23%. TCorp's 10-year yield eased 3bps to 2.60%.
- Geopolitical woes weighed on equity markets. The ASX200 led losses, down 3.1% and the European Stoxx600 shed 1.6%. However, the US S&P500 closed up 0.8%, as buyers came in on a correction.
- The Australian dollar closed up 0.7%, to US\$0.723.

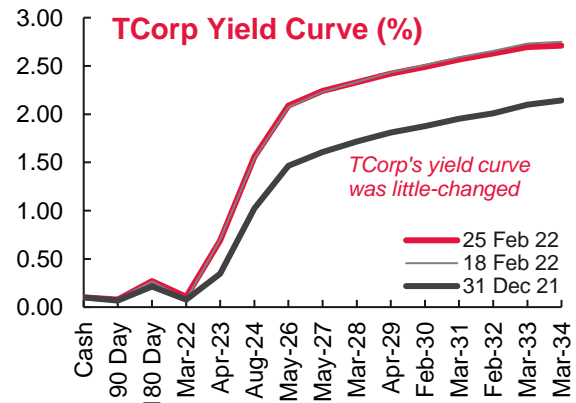
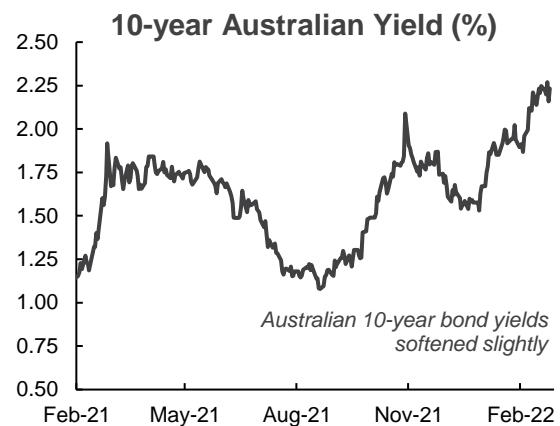
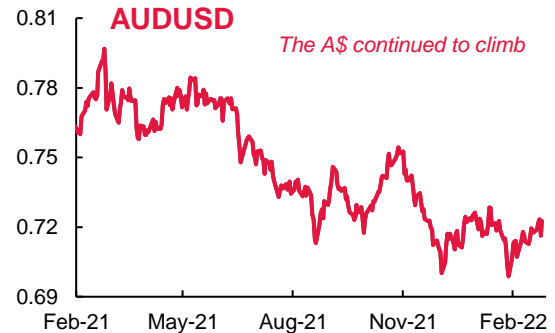
Economic calendar

Monday 28/02	AU: Company operating profits, Dec qtr, Inventories, Dec qtr, Retail sales, Jan, Private sector credit, Jan
Tuesday 01/03	AU: RBA Policy Decision, CoreLogic house prices, Feb, Current account, Dec qtr, Home loans, Jan CH: PMIs, Feb US: Inventories, Jan
Wednesday 02/03	AU: GDP, Dec qtr US: Construction spending, Jan, ISM Manufacturing, Feb, Vehicle sales, Feb
Thursday 03/03	AU: Building approvals, Jan, Trade balance, Jan CA: Bank of Canada rate decision CH: Caixin services and composite PMIs, Feb EU: ECB meeting minutes, Feb US: ADP employment, Feb, Federal Reserve Beige Book, Mar
Friday 04/03	US: ISM services, Feb, Factory orders, Jan, Payrolls and employment, Feb

The week ahead

- A data-heavy week, which will be punctuated by rate decisions from central banks in Australia and Canada. The focus for the RBA will be any change in outlook, given the geopolitical environment and the recent wages report.

Financial markets charts



Financial markets data: Week ending 25 February 2022

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.10	0	—	0	—
90-day BBSW	0.08	0	▼	1	▲
3-year Australian Bond Yield	1.67	2	▲	75	▲
10-year Australian Bond Yield	2.23	-1	▼	56	▲
20-year Australian Bond Yield	2.64	-9	▼	37	▲
10-year Australian Break-Even Inflation	2.30	7	▲	2	▲
10-year Australian Real Yield	-0.06	-9	▼	54	▲
Fed Funds Rate (lower bound)	0.00	0	—	0	—
2-year US Treasury Yield	1.57	10	▲	84	▲
10-year US Treasury Yield	1.96	3	▲	45	▲
30-year US Treasury Yield	2.27	3	▲	37	▲
10-year German Bund Yield	0.23	4	▲	41	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
6.00% 1 March 2022	0.11	3	▲	3	▲
4.00% 20 April 2023	0.69	-1	▼	35	▲
1.00% 8 February 2024	1.33	0	▲	51	▲
5.00% 20 August 2024	1.56	2	▲	54	▲
4.00% 20 May 2026	2.09	2	▲	62	▲
3.00% 20 May 2027	2.24	1	▲	64	▲
3.00% 20 March 2028	2.33	0	▼	61	▲
3.00% 20 April 2029	2.42	-1	▼	61	▲
3.00% 20 February 2030	2.49	-2	▼	61	▲
2.00% 20 March 2031	2.57	-2	▼	62	▲
1.50% 20 February 2032	2.63	-3	▼	62	▲
2.00% 8 March 2033	2.70	-4	▼	60	▲
3.50% 20 March 2034	2.71	-4	▼	57	▲
2.75% 20 November 2025 CIB	-0.98	-14	▼	6	▲
2.50% 20 November 2035 CIB	0.53	-10	▼	50	▲
10-year NSW TCorp Bond Yield	2.60	-3	▼	63	▲
10-year TCV (Victoria) Spread	0.03	1	▲	0	▼
10-year QTC (Queensland) Spread	0.00	1	▲	-1	▼
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	6,998	-3.1%	▼	-6.0%	▼
S&P500 (US)	4,385	0.8%	▲	-8.0%	▼
FTSE 100 (UK)	7,489	-0.3%	▼	1.4%	▲
DJ Stoxx 600 (Europe)	454	-1.6%	▼	-7.0%	▼
Nikkei 225 (Japan)	26,477	-2.4%	▼	-8.0%	▼
Shanghai Composite (China)	3,451	-1.1%	▼	-5.2%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.723	0.7%	▲	-0.5%	▼
EUR/USD	1.127	-0.5%	▼	-0.9%	▼
USD/JPY	115.55	0.5%	▲	0.4%	▲
GBP/USD	1.34	-1.3%	▼	-0.9%	▼
US\$ Index	96.62	0.6%	▲	1.0%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	97.93	4.7%	▲	25.9%	▲
Iron Ore (US\$/t)	136.23	2.3%	▲	12.5%	▲
Coking Coal (US\$/t)	2,459.00	-5.1%	▼	19.7%	▲
Gold (US\$/oz)	1,889.34	-0.5%	▼	3.3%	▲

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