

Financial markets charts

The week that was

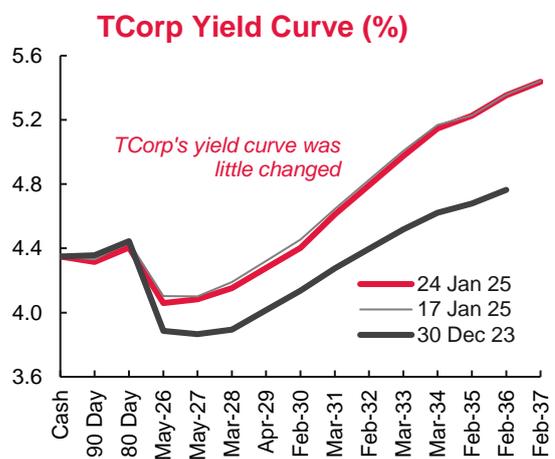
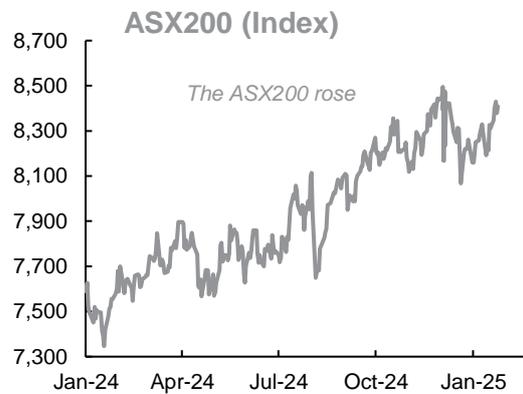
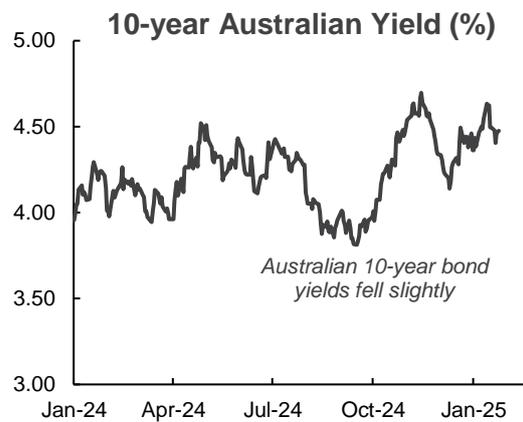
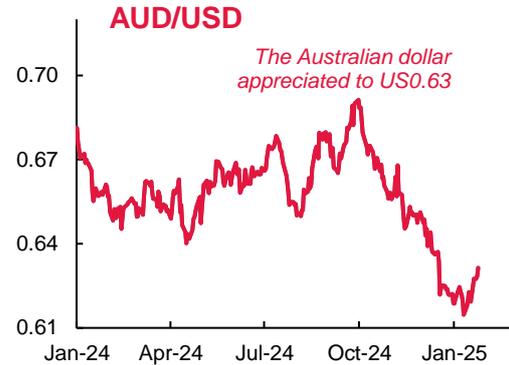
- Investors focused on the inauguration of President Trump. Financial markets remain sensitive to comments about potential policy announcements, particularly on tariffs, which have caused some volatility in markets.
- US and Australian 10-year bond yields ended the week little changed. However, 10-year US bond yields have risen by around 40bps since the start of December. This reflects investors further paring back their expectations for interest rate cuts by the US Federal Reserve (Fed), as well as increasing concerns about the US fiscal outlook.
- Australian 10-year bond yields have risen alongside US yields since December, but by noticeably less (14bps). The move higher in Australian yields was limited by soft domestic data and a more dovish RBA.
- The US S&P 500 rose by 1.7% last week, buoyed by optimism surrounding President Trump's potential policies. The ASX 200 gained 1.2%.
- After falling to US\$0.61 earlier this month, the Australian dollar climbed back to US\$0.63 last week. This reflected a weaker US dollar on expectations that US tariffs might be lower than previously feared.
- The Bank of Japan raised its policy rate to 0.5%, reflecting greater confidence that higher wages growth will keep inflation close to its 2% target.

Economic calendar

Monday 27/1	
Tuesday 28/1	AU: NAB Business survey, Dec US: Consumer confidence, Jan
Wednesday 29/1	AU: CPI, Q4; Monthly CPI, Dec US: Federal Reserve policy decision CA: Bank of Canada policy decision
Thursday 30/1	EC: European Central Bank policy decision; GDP, Q4 (advance read) US: GDP, Q4 (advance read)
Friday 31/1	US: Core PCE deflator, Dec JP: Tokyo CPI, Jan

The week ahead

- The highlight will be Australian consumer price inflation data, which investors think will be lower than forecast by the RBA. A surprise in either direction could generate large bond market moves as investors adjust their expectations for RBA rate cuts in response, particularly for the RBA Board's February meeting where investors think the first 25bps rate cut is likely.
- The US Federal Reserve is expected to keep rates on hold this week, while the European Central Bank and Bank of Canada are expected to cut rates by a further 25bps (to 2.75% and 3%, respectively).



Financial markets data: Week ending 24 January 2025

INTEREST RATES	CLOSE (%)	1 WEEK (BPS)		YTD (BPS)	
RBA Cash Rate	4.35	0	–	0	–
90-day BBSW	4.32	-2	▼	-10	▼
3-year Australian Bond Yield	3.91	-5	▼	9	▲
10-year Australian Bond Yield	4.48	-2	▼	11	▲
20-year Australian Bond Yield	4.95	-3	▼	13	▲
10-year Australian Break-Even Inflation	2.32	-1	▼	-1	▼
10-year Australian Real Yield	2.16	-1	▼	13	▲
Fed Funds Rate (lower bound)	4.25	0	–	0	–
2-year US Treasury Yield	4.27	-2	▼	2	▲
10-year US Treasury Yield	4.62	-1	▼	5	▲
30-year US Treasury Yield	4.85	-1	▼	6	▲
10-year German Bund Yield	2.57	3	▲	20	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 20 May 2026	4.06	-4	▼	5	▲
3.00% 20 May 2027	4.08	-2	▼	9	▲
3.00% 20 March 2028	4.15	-4	▼	8	▲
3.00% 20 April 2029	4.28	-4	▼	10	▲
3.00% 20 February 2030	4.40	-5	▼	10	▲
2.00% 20 March 2031	4.61	-3	▼	12	▲
1.50% 20 February 2032	4.79	-3	▼	12	▲
2.00% 8 March 2033	4.98	-3	▼	14	▲
1.75% 20 March 2034	5.15	-2	▼	15	▲
4.75% 20 February 2035	5.23	0	▼	16	▲
4.25% 20 February 2036	5.35	0	▼	17	▲
4.75% 20 February 2037	5.44	0	▼	16	▲
2.75% 20 November 2025 CIB	2.62	-2	▼	4	▲
2.50% 20 November 2035 CIB	2.74	-4	▼	8	▲
10-year NSW TCorp Bond Yield	5.20	0	▼	65	▲
10-year TCV (Victoria) Spread	0.06	-1	▼	-5	▼
10-year QTC (Queensland) Spread	0.09	5	▲	17	▲
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	8,409	1.2%	▲	3.1%	▲
S&P500 (US)	6,101	1.7%	▲	3.7%	▲
FTSE 100 (UK)	8,502	0.0%	▼	4.0%	▲
DJ Stoxx600 (Europe)	530	1.2%	▲	4.4%	▲
Nikkei 225 (Japan)	39,932	3.9%	▲	0.1%	▲
Shanghai Composite (China)	3,253	0.3%	▲	-3.0%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.631	2.0%	▲	2.0%	▲
EUR/USD	1.050	2.2%	▲	1.4%	▲
USD/JPY	156.00	-0.2%	▼	-0.8%	▼
GBP/USD	1.25	2.6%	▲	-0.3%	▼
US\$ Index	107.44	-1.7%	▼	-1.0%	▼
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	78.50	-2.8%	▼	5.2%	▲
Iron Ore (US\$/t)	101.59	0.0%	▲	-1.9%	▼
Coking Coal (US\$/t)	143.83	-0.5%	▼	3.1%	▲
Gold (US\$/oz)	2,770.58	2.5%	▲	5.6%	▲

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\$116 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\$193 billion. It is rated Aaa (Stable) by Moody's, AAA (Stable) by Fitch, and AA+ (Negative) by S&P.