

Weekly Economic Report

28 November 2022

Financial markets charts

The week that was

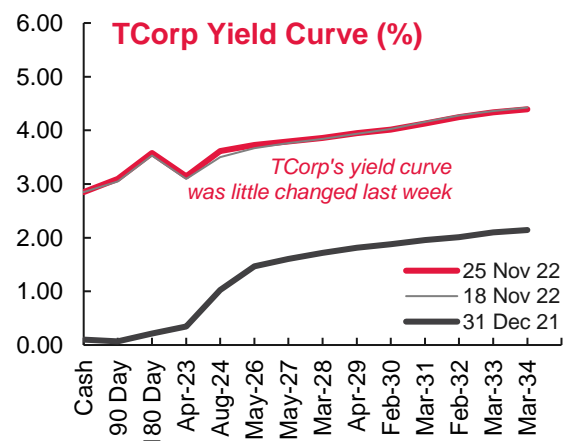
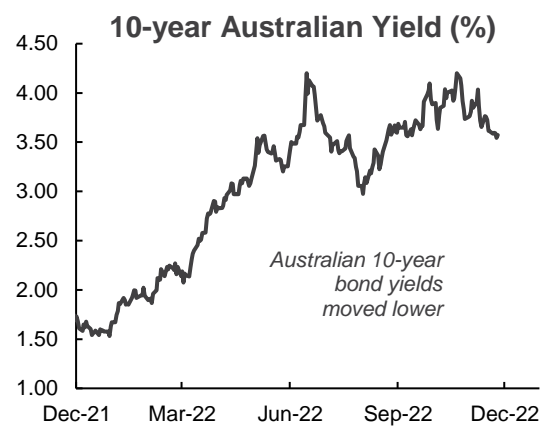
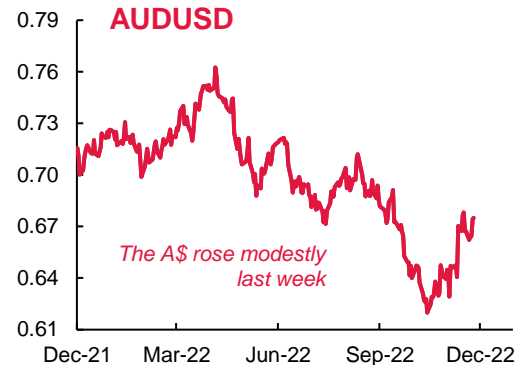
- Bond yields fell and stock markets rose last week as investors believe central banks will soon slow the pace of monetary policy tightening. That was certainly the message emerging from the minutes of the US central bank's recent policy meeting as well as a speech from the Reserve Bank of Australia (RBA) Governor.
- US 10-year bond yields led the movement, falling by 15bps while 10-year bond yields in both Australia and Germany declined by 4bps.
- Equity markets recorded solid gains despite low turnover as traders were distracted by Thanksgiving Day in the US and the football World Cup. Share markets in Australia and the US both increased by 1.5% while European stocks did slightly better, rising by 1.7%. Chinese shares were the notable laggard with authorities re-imposing lockdowns as COVID cases jumped.
- The reintroduction of Chinese restrictions may be a factor contributing to the recent weakness in oil prices. The Brent crude oil price fell 4.6% last week to its lowest level since January.

Economic calendar

Monday 28/11	AU: Retail sales, Oct US: Dallas Fed manuf. index, Nov
Tuesday 29/11	US: Consumer confidence, Nov
Wednesday 30/11	AU: Building approvals US: Fed Chair Powell speech
Thursday 1/12	US: PCE deflator, Oct US: ISM survey, Nov
Friday 2/12	US: Non-farm payrolls, Nov

The week ahead

- While last week was fairly quiet for investors, this week is shaping up to be very busy.
- In the US, 2 of the most influential data releases – employment and the Institute of Supply Management manufacturing survey – will shed light on the health of the economy as we approach the end of the year. US Fed Chair Jerome Powell will speak this week and may indicate whether the central bank is ready to scale down the size of its recent interest rate hikes.
- In Australia, we will see some building blocks for Q3 economic growth data in the form of business investment and construction work done. October Building approvals data and retail sales will also be released. And even though RBA officials have warned about the reliability of the new monthly inflation report, investors will look to see if it shows any sign of moderating price pressures.



Financial markets data: Week ending 25 November 2022

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	2.85	0	—	275	▲
90-day BBSW	3.10	5	▲	303	▲
3-year Australian Bond Yield	3.27	6	▲	235	▲
10-year Australian Bond Yield	3.57	-4	▼	190	▲
20-year Australian Bond Yield	3.97	-9	▼	170	▲
10-year Australian Break-Even Inflation	2.27	-1	▼	0	▼
10-year Australian Real Yield	1.31	-3	▼	191	▲
Fed Funds Rate (lower bound)	3.75	0	—	375	▲
2-year US Treasury Yield	4.45	-8	▼	372	▲
10-year US Treasury Yield	3.68	-15	▼	217	▲
30-year US Treasury Yield	3.73	-19	▼	183	▲
10-year German Bund Yield	1.97	-4	▼	215	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 20 April 2023	3.14	4	▲	280	▲
1.00% 8 February 2024	3.56	9	▲	273	▲
5.00% 20 August 2024	3.62	11	▲	259	▲
1.25% 20 March 2025	3.57	8	▲	235	▲
4.00% 20 May 2026	3.73	6	▲	226	▲
3.00% 20 May 2027	3.79	3	▲	219	▲
3.00% 20 March 2028	3.86	2	▲	214	▲
3.00% 20 April 2029	3.95	1	▲	214	▲
3.00% 20 February 2030	4.02	-1	▼	214	▲
2.00% 20 March 2031	4.13	-3	▼	217	▲
1.50% 20 February 2032	4.25	-3	▼	224	▲
2.00% 8 March 2033	4.33	-2	▼	224	▲
3.50% 20 March 2034	4.39	-3	▼	225	▲
2.75% 20 November 2025 CIB	0.38	15	▲	145	▲
2.50% 20 November 2035 CIB	2.09	-1	▼	205	▲
10-year NSW TCorp Bond Yield	4.29	-1	▼	231	▲
10-year TCV (Victoria) Spread	0.02	0	▼	-2	▼
10-year QTC (Queensland) Spread	-0.09	-1	▼	-10	▼
Equities	Close	1 Week		YTD	
S&P/ASX 200 (Australia)	7,259	1.5%	▲	-2.5%	▼
S&P 500 (US)	4,026	1.5%	▲	-15.5%	▼
FTSE 100 (UK)	7,487	1.4%	▲	1.4%	▲
DJ Stoxx 600 (Europe)	441	1.7%	▲	-9.6%	▼
Nikkei 225 (Japan)	28,283	1.4%	▲	-1.8%	▼
Shanghai Composite (China)	3,102	0.1%	▲	-14.8%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.675	1.2%	▲	-7.0%	▼
EUR/USD	1.040	0.7%	▲	-8.6%	▼
USD/JPY	139.19	-0.8%	▼	21.0%	▲
GBP/USD	1.21	1.7%	▲	-10.6%	▼
US\$ Index	105.96	-0.9%	▼	10.8%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	83.63	-4.6%	▼	7.5%	▲
Iron Ore (US\$/t)	93.06	-0.9%	▼	-17.3%	▼
Coking Coal (US\$/t)	3,194.00	17.4%	▲	55.5%	▲
Gold (US\$/oz)	1,754.93	0.2%	▲	-4.1%	▼

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