

## The week that was

- Trade optimism and largely positive US corporate earnings continue to drive 'risk-on' sentiment across financial markets last week. The S&P500 rose 1.2% with equities rising in all other major markets. Stocks rose 1.3% in Australia, 2.4% in UK, 1.6% in Europe and 1.4% in Japan. Bonds prices were mixed. The US 10-year yield rose 4bps to 1.79% while the Australian 10-year yield fell 4bps to 1.06%.
- Investors received some positive second-tier economic data last week. Markit PMI surveys showed slight pick-ups in manufacturing sectors in both Europe and the US, while services sectors remained stable.
- There were no new monetary policy announcements at President Mario Draghi's final ECB policy meeting. The outgoing president repeated his call for more fiscal policy stimulus and market reforms from eurozone governments.
- Brexit remains in limbo. On Tuesday, the UK parliament passed Prime Minister Johnson's deal "in principle". However, MPs then voted against the Prime Minister's accelerated timetable to leave the EU on 31 Oct, extending the ongoing uncertainty.

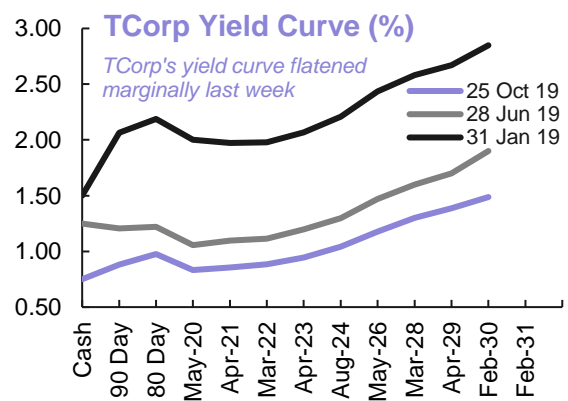
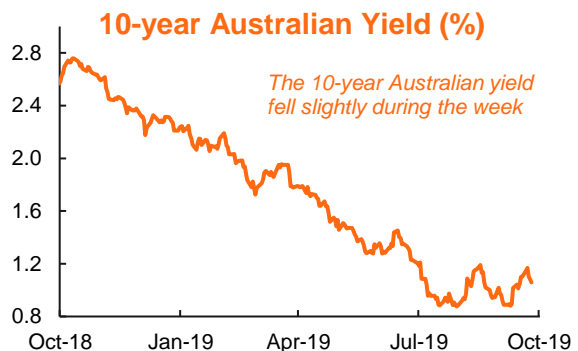
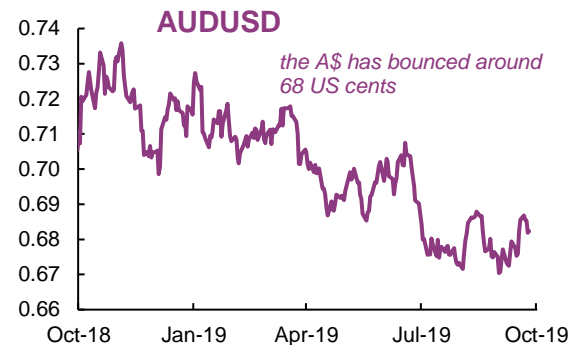
## Economic calendar

<b>Tuesday</b> 29/10	<b>AU: RBA Governor Lowe speech</b>
<b>Wednesday</b> 30/10	<b>US: GDP</b>
<b>Thursday</b> 31/10	<b>AU: Inflation</b>
<b>Friday</b> 1/11	<b>US: FOMC policy meeting</b>
	JP: BoJ policy meeting
	CH: Official PMI
	EU: GDP, CPI
	AU: Building approvals
	US: Non-farm payrolls, ISM PMI
	CH: Caixin PMI

## The week ahead

- A bustling week lies ahead. The US Federal Reserve is meeting on Thursday where it is widely expected to cut rates by another 25bps. The Bank of Japan will also meet this week but is not expected to alter policy. Investors will also get first readings of Q3 GDP from Europe and the US, US non-farm payrolls and PMIs for China and the US.
- In Australia, investors will closely scrutinise the Q3 CPI data for any sign that inflation is picking up. RBA Governor Phil Lowe will give a speech ahead of the November monetary policy meeting. Building approvals will also be of interest.

## Financial markets charts



## Financial markets data: Week ending 25 October 2019

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.75	0	—	-75	▼
90-day BBSW	0.88	-1	▼	-121	▼
3-year Australian Bond Yield	0.71	-5	▼	-114	▼
10-year Australian Bond Yield	1.06	-4	▼	-126	▼
20-year Australian Bond Yield	1.55	-5	▼	-113	▼
10-year Australian Break-Even Inflation	1.29	4	▲	-34	▼
10-year Australian Real Yield	-0.24	-8	▼	-92	▼
Fed Funds Rate (lower bound)	1.75	0	—	-50	—
2-year US Treasury Yield	1.62	4	▲	-87	▼
10-year US Treasury Yield	1.79	4	▲	-89	▼
30-year US Treasury Yield	2.29	4	▲	-73	▼
10-year German Bund Yield	-0.36	2	▲	-60	▼
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
6.00% 1 May 2020	0.83	0	▲	-119	▼
4.00% 8 April 2021	0.85	-3	▼	-117	▼
6.00% 1 March 2022	0.88	-5	▼	-116	▼
4.00% 20 April 2023	0.94	-5	▼	-124	▼
5.00% 20 August 2024	1.04	-5	▼	-128	▼
4.00% 20 May 2026	1.18	-5	▼	-136	▼
3.00% 20 May 2027	1.30	-5	▼	-136	▼
3.00% 20 March 2028	1.39	-5	▼	-135	▼
3.00% 20 April 2029	1.49	-5	▼	-136	▼
3.00% 20 February 2030	1.53	-6	▼	-138	▼
3.75% 20 August 2020 CIB	-0.43	-10	▼	-108	▼
2.75% 20 November 2025 CIB	0.01	-8	▼	-92	▼
2.50% 20 November 2035 CIB	0.59	-6	▼	-65	▼
10-year NSW TCorp Bond Yield	1.53	-6	▼	-129	▼
10-year TCV (Victoria) Spread	-0.01	1	▲	3	▲
10-year QTC (Queensland) Spread	0.04	1	▲	-2	▼
Equities	Close	1 Week		YTD	
S&P/ASX 200 (Australia)	6,739	1.3%	▲	19.4%	▲
S&P 500 (US)	3,023	1.2%	▲	20.6%	▲
FTSE 100 (UK)	7,324	2.4%	▲	8.9%	▲
DJ Stoxx 600 (Europe)	398	1.6%	▲	17.9%	▲
Nikkei 225 (Japan)	22,800	1.4%	▲	13.9%	▲
Shanghai Composite (China)	2,955	0.6%	▲	18.5%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.682	-0.5%	▼	-3.2%	▼
EUR/USD	1.108	-0.8%	▼	-3.4%	▼
USD/JPY	108.67	0.2%	▲	-0.9%	▼
GBP/USD	1.28	-1.2%	▼	0.6%	▲
US\$ Index	97.83	0.6%	▲	1.7%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	62.02	4.4%	▲	15.3%	▲
Iron Ore (US\$/t)	89.66	0.3%	▲	26.1%	▲
Coking Coal (US\$/t)	1,296.00	-0.3%	▼	-10.3%	▼
Gold (US\$/oz)	1,504.63	1.0%	▲	17.3%	▲

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