

The week that was

- Australian bond yields fell sharply last week as a speech from Reserve Bank of Australia (RBA) Deputy Governor Guy Debelle ignited speculation that the RBA could ease monetary policy again as soon as its October policy meeting.
- As a result, Australian 3-year bond yields fell by 7bps to 0.16% which is well below the RBA's current target of 0.25%. Australia's 10-year bond yield fell by 9bps to 0.80%. By comparison, US 2-year yields fell 1bp and 10-year yields fell by 4bps.
- Equity markets were mainly weaker last week as the number of COVID-19 cases in the northern hemisphere re-accelerate and investors express disappointment about the lack of further policy stimulus.
- The US S&P500 fell by 0.6%, European equities sank 3.6% as did Chinese stocks. The Australian equity market was a notable exception, as the ASX200 recorded a 1.7% gain. This reflected the prospect of easier monetary policy as well as Treasurer Frydenberg's announcement that banks will no longer need to comply with responsible lending laws.

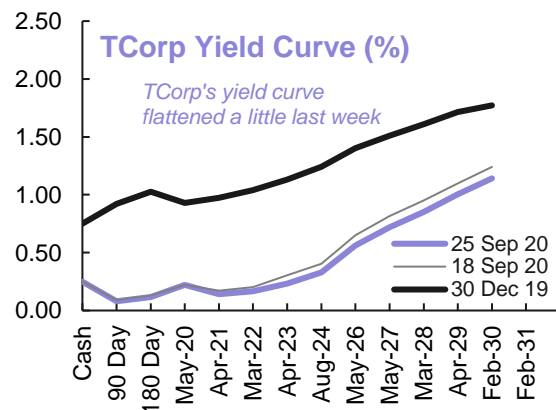
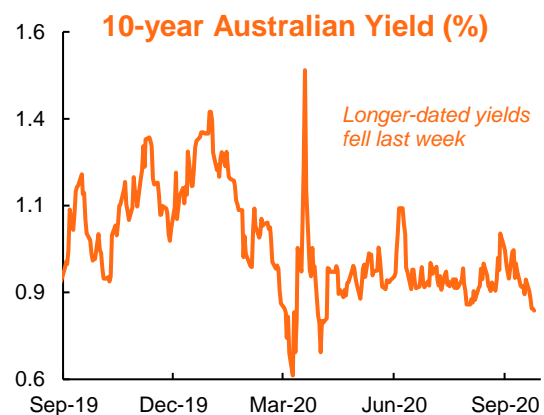
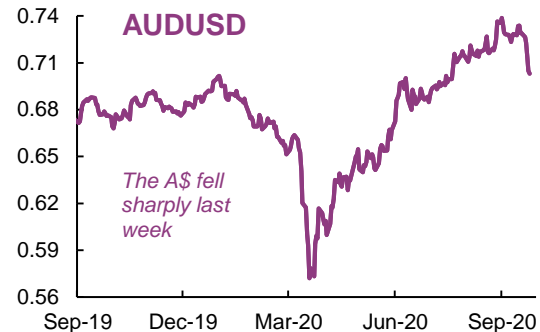
Economic calendar

Monday 28/09	US: Dallas Fed Manufacturing Activity
Tuesday 29/09	US: Trade balance, Aug
Wednesday 30/09	AU: Building approvals, Aug CH: PMIs, Sep
Thursday 1/10	EU: PMIs, Sep US: ISM manufacturing index, Sep
Friday 2/10	AU: Retail sales, Sep US: Non-farm payrolls, Sep

The week ahead

- In the US, non-farm payrolls will dominate the attention of investors this week. While recent employment outcomes have been better than expected, initial weekly jobless claims remain very elevated. Another month of good jobs growth, however, would tip the scales in favour of a sharper recovery than initially feared.
- In Australia, building approvals will be closely watched as they have been volatile in recent months. After initially falling quite sharply, they appear to have stabilised more recently and other housing indicators – such as lending and auction clearance rates – have also shown stronger signs. If the home building market really has reached a turning point it would significantly boost the chances that the economy will experience a decent 2021.

Financial markets charts



Financial markets data: Week ending 25 September 2020

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.25	0	—	-50	▼
90-day BBSW	0.08	-1	▼	-84	▼
3-year Australian Bond Yield	0.16	-7	▼	-74	▼
10-year Australian Bond Yield	0.80	-9	▼	-57	▼
20-year Australian Bond Yield	1.52	-10	▼	-35	▼
10-year Australian Break-Even Inflation	1.25	-3	▼	-15	▼
10-year Australian Real Yield	-0.46	-5	▼	-42	▼
Fed Funds Rate (lower bound)	0.00	0	—	-150	▼
2-year US Treasury Yield	0.13	-1	▼	-144	▼
10-year US Treasury Yield	0.65	-4	▼	-126	▼
30-year US Treasury Yield	1.40	-5	▼	-99	▼
10-year German Bund Yield	-0.53	-4	▼	-34	▼
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 8 April 2021	0.14	-3	▼	-86	▼
6.00% 1 March 2022	0.17	-4	▼	-90	▼
4.00% 20 April 2023	0.23	-7	▼	-93	▼
1.00% 8 February 2024	0.31	-8	▼	-97	▼
5.00% 20 August 2024	0.33	-7	▼	-95	▼
4.00% 20 May 2026	0.56	-9	▼	-89	▼
3.00% 20 May 2027	0.72	-10	▼	-85	▼
3.00% 20 March 2028	0.85	-10	▼	-82	▼
3.00% 20 April 2029	1.00	-10	▼	-77	▼
3.00% 20 February 2030	1.14	-10	▼	-70	▼
2.00% 20 March 2031	1.29	-10	▼	-67	▼
2.00% 20 March 2032	1.48	-9	▼	n/a	n/a
2.00% 20 March 2033	1.61	-10	▼	-59	▼
3.75% 20 August 2020 CIB	1.85	-19	▼	255	▲
2.75% 20 November 2025 CIB	-0.23	-2	▼	-33	▼
2.50% 20 November 2035 CIB	0.40	-8	▼	n/a	n/a
10-year NSW TCorp Bond Yield	1.25	-9	▼	-59	▼
10-year TCV (Victoria) Spread	-0.02	1	▲	0	▼
10-year QTC (Queensland) Spread	-0.02	0	▲	-5	▼
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	5,965	1.7%	▲	-10.8%	▼
S&P500 (US)	3,298	-0.6%	▼	2.1%	▲
FTSE 100 (UK)	5,843	-2.7%	▼	-22.5%	▼
Euro Stoxx 600 (Europe)	356	-3.6%	▼	-14.5%	▼
Nikkei 225 (Japan)	23,205	-0.7%	▼	-1.9%	▼
Shanghai Composite (China)	3,219	-3.6%	▼	5.6%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.703	-3.5%	▼	0.3%	▲
EUR/USD	1.163	-1.8%	▼	3.7%	▲
USD/JPY	105.58	1.0%	▲	-2.7%	▼
GBP/USD	1.27	-1.3%	▼	-3.3%	▼
US\$ Index	94.64	1.8%	▲	-1.8%	▼
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	41.92	-2.9%	▼	-36.5%	▼
Iron Ore (US\$/t)	123.42	-2.4%	▼	34.8%	▲
Coking Coal (US\$/t)	1,283.50	0.2%	▲	6.3%	▲
Gold (US\$/oz)	1,861.58	-4.6%	▼	22.7%	▲

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