

Financial markets charts

The week that was

- US 10-year bond yields declined 4bps last week, with another benign inflation print in June reaffirming expectations that the US Federal Reserve (Fed) will cut interest rates for the first time in September. Despite high interest rates, the US economy grew more than expected in the June quarter, supported by ongoing strength in consumer spending.
- The S&P500 fell by 0.8% last week, weighed down by sharp falls in the share prices of some big technology companies (e.g., Nvidia, Alphabet, Meta and Tesla). The increased likelihood of US rate cuts beginning soon has seen investors rotate away from big tech stocks towards smaller companies, which typically benefit more from lower interest rates.
- US politics had little impact on markets as the implications for investors of President Biden dropping out of the presidential race are uncertain.
- The Bank of Canada lowered interest rates for the second time and signalled it will continue to do so.
- The Australian dollar depreciated by a further 2% against the US dollar, to 65.5 cents. The sharp depreciation from almost US\$0.68 2 weeks ago reflects heightened concerns about weakness in China's economy. This has also led to falls in the prices of many commodities, including oil.

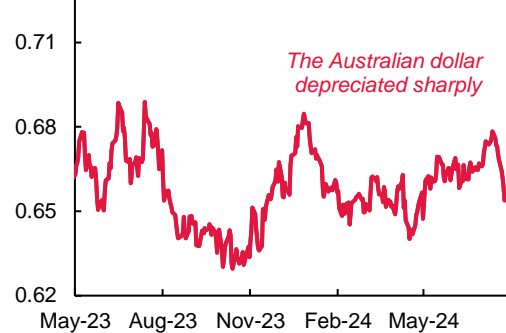
Economic calendar

Monday 29/07	
Tuesday 30/07	AU: Building approvals, Jun EC: CPI, Jul (preliminary); GDP, Jun qtr (advance)
Wednesday 31/07	AU: CPI, Jun qtr; Retail sales, Jun US: Federal Reserve policy decision; Employment cost index, Jun qtr JP: Bank of Japan policy decision CH: Official PMIs, Jul
Thursday 01/08	UK: Bank of England policy decision US: ISM Manufacturing, Jul
Friday 02/08	US: Non-farm payrolls, Jul AU: Housing lending indicators, Jun

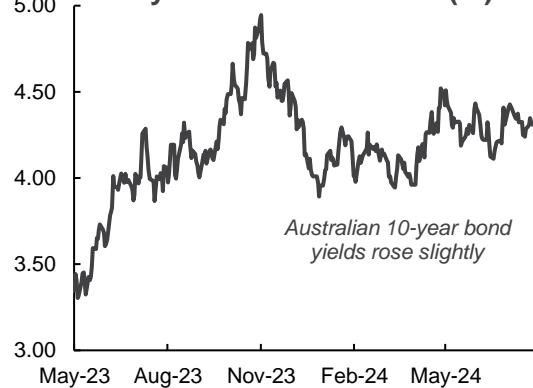
The week ahead

- The focus locally will be on inflation data for the June quarter, which could determine whether the RBA Board raises interest rates again next week.
- The US Fed is expected to keep rates on hold, but investors see the chances of the Bank of Japan raising rates and the Bank of England cutting rates as finely balanced.
- Investors will also focus on key US data that could influence the outlook for interest rates, including non-farm payrolls and wages growth. Corporate earnings reports, particularly by the big tech firms, could continue to influence equity markets.

AUD/USD



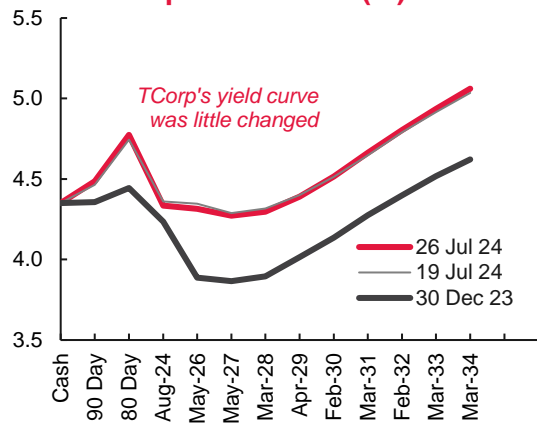
10-year Australian Yield (%)



ASX200 (Index)



TCorp Yield Curve (%)



Financial markets data: Week ending 26 July 2024

INTEREST RATES	CLOSE (%)	1 WEEK (BPS)		YTD (BPS)	
RBA Cash Rate	4.35	0	—	0	—
90-day BBSW	4.49	2	▲	13	▲
3-year Australian Bond Yield	3.98	-2	▼	38	▲
10-year Australian Bond Yield	4.31	2	▲	35	▲
20-year Australian Bond Yield	4.75	3	▲	50	▲
10-year Australian Break-Even Inflation	2.42	-2	▼	-15	▼
10-year Australian Real Yield	1.89	4	▲	51	▲
Fed Funds Rate (lower bound)	5.25	0	—	0	—
2-year US Treasury Yield	4.38	-13	▼	13	▲
10-year US Treasury Yield	4.19	-4	▼	31	▲
30-year US Treasury Yield	4.45	1	▲	42	▲
10-year German Bund Yield	2.41	-6	▼	38	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
5.00% 20 August 2024	4.33	-3	▼	10	▲
1.25% 20 March 2025	4.39	-2	▼	36	▲
4.00% 20 May 2026	4.32	-3	▼	43	▲
3.00% 20 May 2027	4.27	-2	▼	41	▲
3.00% 20 March 2028	4.30	-2	▼	40	▲
3.00% 20 April 2029	4.39	-1	▼	37	▲
3.00% 20 February 2030	4.52	0	▲	38	▲
2.00% 20 March 2031	4.66	2	▲	39	▲
1.50% 20 February 2032	4.80	1	▲	41	▲
2.00% 8 March 2033	4.94	2	▲	42	▲
1.75% 20 March 2034	5.06	3	▲	44	▲
2.75% 20 November 2025 CIB	1.99	0	—	92	▲
2.50% 20 November 2035 CIB	2.56	4	▲	49	▲
10-year NSW TCorp Bond Yield	5.05	4	▲	49	▲
10-year TCV (Victoria) Spread	0.07	-1	▼	-3	▼
10-year QTC (Queensland) Spread	0.01	-1	▼	9	▲
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	7,921	-0.6%	▼	4.4%	▲
S&P500 (US)	5,459	-0.8%	▼	14.5%	▲
FTSE 100 (UK)	8,286	1.6%	▲	7.1%	▲
DJ Stoxx600 (Europe)	513	0.5%	▲	7.1%	▲
Nikkei 225 (Japan)	37,667	-6.0%	▼	12.6%	▲
Shanghai Composite (China)	2,891	-3.1%	▼	-2.8%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.655	-2.0%	▼	-3.9%	▼
EUR/USD	1.086	-0.2%	▼	-1.7%	▼
USD/JPY	153.76	-2.4%	▼	9.0%	▲
GBP/USD	1.29	-0.4%	▼	1.1%	▲
US\$ Index	104.32	-0.1%	▼	2.9%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	81.13	-1.8%	▼	5.3%	▲
Iron Ore (US\$/t)	106.12	-1.0%	▼	-22.2%	▼
Coking Coal (US\$/t)	221.42	-1.8%	▼	-19.7%	▼
Gold (US\$/oz)	2,387.19	-0.6%	▼	15.7%	▲

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