

The week that was

- Global PMIs showed marked improvement in the services sector over June. Australia's services PMI jumped to 53, from 27, signalling a return to growth. The manufacturing PMI remained a touch under 50 at 49.8.
- As COVID-19 case numbers continued to climb steeply in the US, Florida and Texas were forced to reimplement some restrictions while Apple and Nike shut stores in the affected states putting downward pressure on risk asset prices. Equities in the US, Europe and Australia were down over the week. Brent Crude also fell as risk to the reopening of economies remain and US 10-year bond yields declined.
- US durable goods orders spiked 15% beating market expectations of a 10% rebound. Similarly, personal spending had a record monthly gain of 8%. That said, underlying levels of both indicators remain subdued compared with pre-COVID trend. Initial jobless claims rose another 1.5 million and while continuing claims fell below 20 million, improvement has been slower than expected.

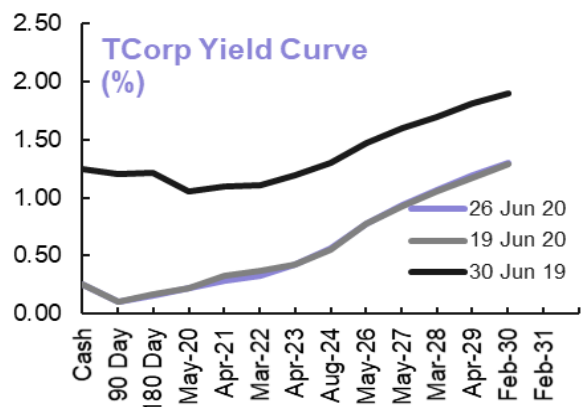
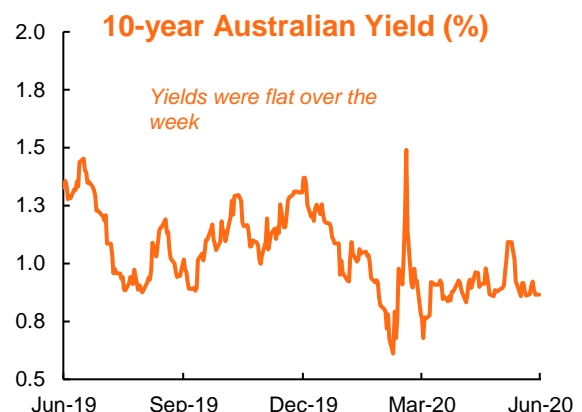
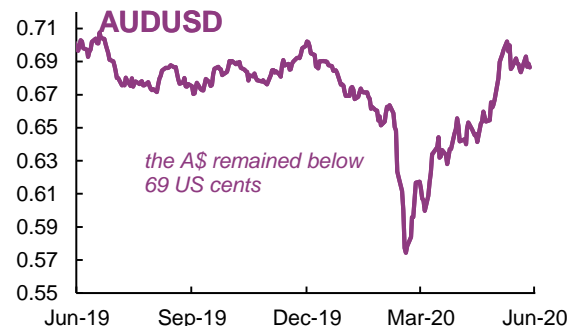
Economic calendar

Monday 29/06	AU: ABS Household Survey
Tuesday 30/06	CH: Manufacturing and Services PMIs, Jun AU: ABS Payrolls AU: RBA's Debelle speaks US: Fed's Powell and Munchin testify
Wednesday 01/07	AU: Building Approvals, May US: FOMC Meeting Minutes, May US: ISM Manufacturing, Jun CH: Caixin Manufacturing PMI, Jun
Thursday 02/07	US: Unemployment Rate, Jun
Friday 03/07	CH: Caixin Services PMI, Jun

The week ahead

- RBA Deputy Governor, Guy Debelle, will speak on Tuesday on *the Reserve Bank's policy actions and balance sheet*.
- US non-farm payrolls is expected to show improvement over May, although the unemployment rate may not have much of a correction. The FOMC's minutes also due out should show the Fed's opinion on the outlook.
- China's recovery will be gauged by the official and Caixin PMIs, however market expectation is for not much movement over the month.

Financial markets charts



Financial markets data: Week ending 26 June 2020

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.25	0	—	-50	▼
90-day BBSW	0.10	0	▼	-82	▼
3-year Australian Bond Yield	0.25	0	▲	-65	▼
10-year Australian Bond Yield	0.87	0	▲	-51	▼
20-year Australian Bond Yield	1.59	-1	▼	-28	▼
10-year Australian Break-Even Inflation	1.05	-4	▼	-36	▼
10-year Australian Real Yield	-0.18	4	▲	-15	▼
Fed Funds Rate (lower bound)	0.00	0	—	-150	▼
2-year US Treasury Yield	0.17	-2	▼	-140	▼
10-year US Treasury Yield	0.64	-5	▼	-128	▼
30-year US Treasury Yield	1.37	-9	▼	-102	▼
10-year German Bund Yield	-0.48	-7	▼	-30	▼
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 8 April 2021	0.29	-4	▼	-71	▼
6.00% 1 March 2022	0.32	-5	▼	-74	▼
4.00% 20 April 2023	0.42	0	▼	-75	▼
1.00% 8 February 2024	0.53	0	▲	-75	▼
5.00% 20 August 2024	0.56	1	▲	-72	▼
4.00% 20 May 2026	0.77	0	▼	-68	▼
3.00% 20 May 2027	0.94	2	▲	-63	▼
3.00% 20 March 2028	1.06	0	▲	-61	▼
3.00% 20 April 2029	1.19	2	▲	-59	▼
3.00% 20 February 2030	1.30	1	▲	-54	▼
2.00% 20 March 2031	1.44	1	▲	-52	▼
2.00% 20 March 2032	1.68	3	▲	n/a	n/a
2.00% 20 March 2033	1.76	1	▲	-44	▼
3.75% 20 August 2020 CIB	0.09	49	▲	77	▲
2.75% 20 November 2025 CIB	0.23	1	▲	14	▲
2.50% 20 November 2035 CIB	0.70	2	▲	n/a	n/a
10-year NSW TCorp Bond Yield	1.37	2	▲	-47	▼
10-year TCV (Victoria) Spread	-0.08	1	▲	-6	▼
10-year QTC (Queensland) Spread	-0.01	1	▲	-4	▼
Equities	Close	1 Week		YTD	
S&P/ASX 200 (Australia)	5,904	-0.6%	▼	-11.7%	▼
S&P 500 (US)	3,009	-2.9%	▼	-6.9%	▼
FTSE 100 (UK)	6,159	-2.1%	▼	-18.3%	▼
DJ Stoxx 600 (Europe)	358	-2.0%	▼	-13.8%	▼
Nikkei 225 (Japan)	22,512	0.1%	▲	-4.8%	▼
Shanghai Composite (China)	2,980	0.4%	▲	-2.3%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.687	0.4%	▲	-2.2%	▼
EUR/USD	1.122	0.4%	▲	0.1%	▲
USD/JPY	107.22	0.3%	▲	-1.3%	▼
GBP/USD	1.23	-0.1%	▼	-6.9%	▼
US\$ Index	97.43	-0.2%	▼	1.1%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	41.02	-2.8%	▼	-37.8%	▼
Iron Ore (US\$/t)	103.04	-0.1%	▼	12.6%	▲
Coking Coal (US\$/t)	1,245.50	-0.8%	▼	3.2%	▲
Gold (US\$/oz)	1,771.29	1.6%	▲	16.7%	▲

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