

Weekly Economic Report

29 May 2023

Financial markets charts

The week that was

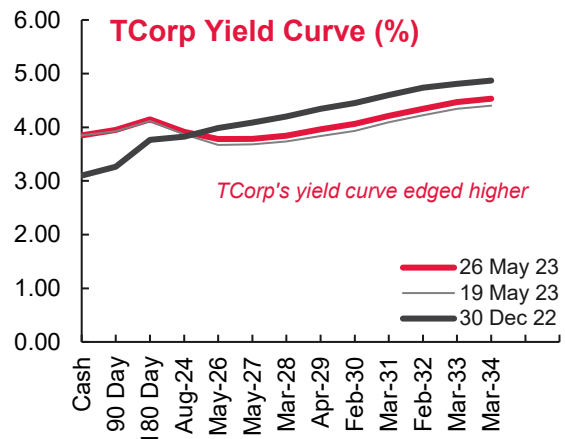
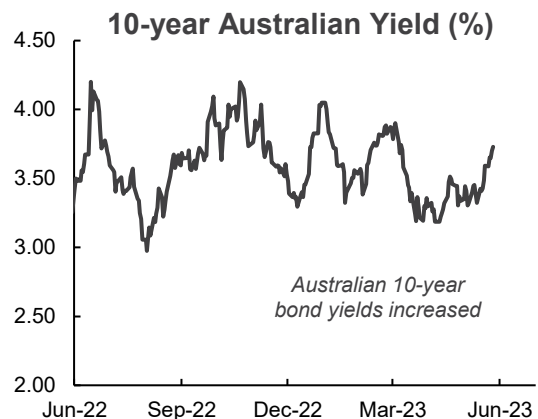
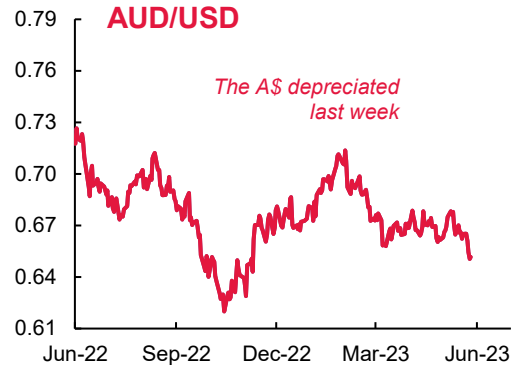
- Preliminary global Purchasing Managers' Index data for May continued to suggest weaker manufacturing activity but services sectors activity was resilient.
- The focus in the US remained on negotiations between the Democrats and Republicans to reach agreement on raising the debt ceiling. The Federal Reserve's preferred inflation measure, the core Personal Consumption Expenditure (PCE) deflator – was stronger than expected in April, at 4.7% over the year. US 2-year and 10-year bond yields ended the week 30bps and 13bps higher, respectively, as investors ascribed a higher chance of a Fed rate rise in June. The S&P500 rose 0.3%, with tech stocks rising strongly.
- Locally, retail sales values were unchanged in April and monthly turnover remains at a similar level to 6 months ago. Australian 10-year bond yields rose by 14bps last week, the ASX200 fell 1.7% and the Australian dollar depreciated by 2% to US\$0.65.
- UK inflation surprised to the upside again in April.
- The Reserve Bank of New Zealand raised rates by the expected 25bps.

Economic calendar

Monday 29/05	
Tuesday 30/05	AU: Building approvals, Apr US: Conference board consumer confidence, May; Dallas Fed Manufacturing activity, May EC: Consumer confidence, May (final)
Wednesday 31/05	AU: Monthly CPI indicator, Apr; Private sector credit, Apr; RBA Governor appearance before Senate Economics Legislation Committee CH: Officials PMIs, May
Thursday 01/06	AU: Private capital expenditure, Mar qtr US: ISM Manufacturing, May; ADP employment, May CH: Caixin Manufacturing PMI, May EC: CPI, May (prelim); Unemployment rate, Apr
Friday 02/06	AU: Home loan values, Apr. US: Non-farm payrolls & unemployment rate, May

The week ahead

- In the US, the ISM Manufacturing Index will provide an updated read on manufacturing activity. Non-farm payrolls will provide an important update on labour market conditions.
- Locally, the monthly CPI will show if price pressures eased in April and building approvals data will specify if approvals continued their downward trend.
- In Europe, preliminary CPI data for May will reveal if inflation has eased.



Financial markets data: Week ending 26 May 2023

INTEREST RATES	CLOSE (%)	1 WEEK (BPS)		YTD (BPS)	
RBA Cash Rate	3.85	0	—	75	▲
90-day BBSW	3.95	2	▲	68	▲
3-year Australian Bond Yield	3.44	12	▲	-6	▼
10-year Australian Bond Yield	3.73	14	▲	-32	▼
20-year Australian Bond Yield	4.12	10	▲	-25	▼
10-year Australian Break-Even Inflation	2.47	5	▲	1	▲
10-year Australian Real Yield	1.26	9	▲	-33	▼
Fed Funds Rate (lower bound)	5.00	0	—	75	▲
2-year US Treasury Yield	4.56	30	▲	14	▲
10-year US Treasury Yield	3.80	13	▲	-8	▼
30-year US Treasury Yield	3.96	3	▲	0	▼
10-year German Bund Yield	2.54	11	▲	-3	▼
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
1.00% 8 February 2024	3.97	2	▲	23	▲
5.00% 20 August 2024	3.92	5	▲	9	▲
1.25% 20 March 2025	3.87	8	▲	2	▲
4.00% 20 May 2026	3.78	11	▲	-20	▼
3.00% 20 May 2027	3.78	10	▲	-30	▼
3.00% 20 March 2028	3.85	11	▲	-36	▼
3.00% 20 April 2029	3.96	13	▲	-38	▼
3.00% 20 February 2030	4.06	13	▲	-39	▼
2.00% 20 March 2031	4.21	12	▲	-39	▼
1.50% 20 February 2032	4.34	12	▲	-40	▼
2.00% 8 March 2033	4.47	13	▲	-34	▼
3.50% 20 March 2034	4.53	13	▲	-34	▼
2.75% 20 November 2025 CIB	0.69	8	▲	-13	▼
2.50% 20 November 2035 CIB	2.04	8	▲	-34	▼
10-year NSW TCorp Bond Yield	4.45	13	▲	-31	▼
10-year TCV (Victoria) Spread	0.02	3	▲	-2	▼
10-year QTC (Queensland) Spread	-0.10	0	▲	-5	▼
Equities	Close	1 Week		YTD	
S&P/ASX 200 (Australia)	7,155	-1.7%	▼	1.6%	▲
S&P 500 (US)	4,205	0.3%	▲	9.5%	▲
FTSE 100 (UK)	7,627	-1.7%	▼	2.4%	▲
DJ Stoxx 600 (Europe)	461	-1.6%	▼	8.6%	▲
Nikkei 225 (Japan)	30,916	0.4%	▲	18.5%	▲
Shanghai Composite (China)	3,213	-2.2%	▼	4.0%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.652	-2.0%	▼	-4.3%	▼
EUR/USD	1.072	-0.8%	▼	0.2%	▲
USD/JPY	140.60	1.9%	▲	7.2%	▲
GBP/USD	1.23	-0.8%	▼	2.2%	▲
US\$ Index	104.21	1.0%	▲	0.7%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	76.95	1.8%	▲	-10.4%	▼
Iron Ore (US\$/t)	104.91	-2.0%	▼	-5.7%	▼
Coking Coal (US\$/t)	184.03	-11.8%	▼	-48.9%	▼
Gold (US\$/oz)	1,946.46	-1.6%	▼	6.7%	▲

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