

Weekly Economic Report

30 August 2021

The week that was

- Financial markets recovered from the prior week's wobble, with an overall positive tone emerging. Stocks and bond yields drifted up ahead of the US Federal Reserve's Annual Jackson Hole Policy Retreat, with sparse economic data.
- US Fed Chair Powell reassured markets that monetary policy wouldn't tighten quickly. He indicated that while the Fed is keen to taper its asset purchases – which could happen later this year – higher interest rates would not automatically follow.
- US 10-year bond yields rose 5bps to 1.31% for the week, while German 10-year yields lifted 7bps to close at -0.42%. Australian 10-year yields bounced 11bps, to 1.19%. TCorp's 10-year yield also jumped, up 13bps to 1.58%.
- Equity markets all ticked higher for the week. The major market indices for the US, Europe, Australia, China and Japan rose, reversing the prior week's uniform losses. The ASX200 climbed 0.4%.
- The Australian dollar recovered some of its recent losses, up 2.5% for the week, at US\$0.731.

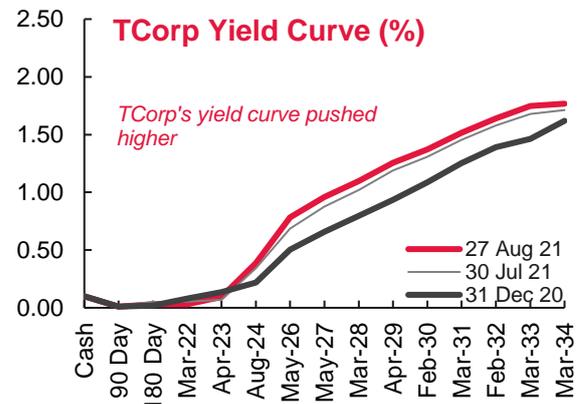
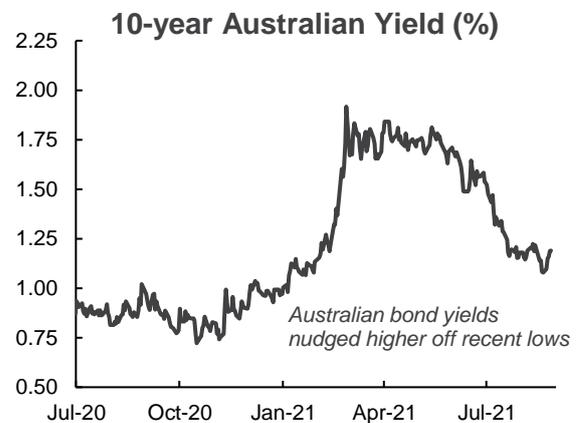
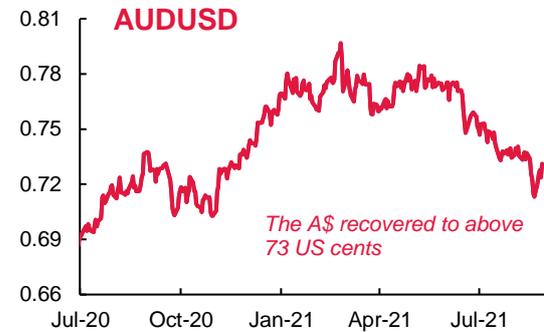
Economic calendar

Monday 30/08	AU: Operating profits, Jun qtr, Inventories, Jun qtr
Tuesday 31/08	AU: Private sector credit, Jul, Current account balance, Jun qtr CH: PMIs, Aug US: Pending home sales, Jul
Wednesday 01/09	AU: GDP, Jun qtr US: ADP employment, Aug
Thursday 02/09	AU: Trade balance, Jul, Housing finance, Jul US: Construction spending, Jul, ISM Manufacturing Index, Aug
Friday 03/09	AU: PMIs, Aug (final) US: Employment report, Aug, ISM Services Index, Aug

The week ahead

- On the heels of the US Federal Reserve's Annual Jackson Hole Policy Retreat, the US August employment report will be of particular interest and is set to show solid-paced growth in private employment. A series of purchasing managers' indexes (PMIs) for Australia, and also the US, China and Europe will provide an up-to-date pulse on momentum in activity in these economies.
- In Australia, June quarter GDP will be released. This will be of less interest given the lockdowns that have since come into play but will reveal whether the economy was on relatively solid footing before the restrictions.

Financial markets charts



Financial markets data: Week ending 27 August 2021

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.10	0	–	0	–
90-day BBSW	0.01	0	–	0	–
3-year Australian Bond Yield	0.27	9	▲	16	▲
10-year Australian Bond Yield	1.19	11	▲	22	▲
20-year Australian Bond Yield	1.86	11	▲	15	▲
10-year Australian Break-Even Inflation	1.96	3	▲	19	▲
10-year Australian Real Yield	-0.77	9	▲	3	▲
Fed Funds Rate (lower bound)	0.00	0	–	0	–
2-year US Treasury Yield	0.22	-1	▼	9	▲
10-year US Treasury Yield	1.31	5	▲	39	▲
30-year US Treasury Yield	1.92	5	▲	27	▲
10-year German Bund Yield	-0.42	7	▲	15	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
6.00% 1 March 2022	0.03	-1	▼	-5	▼
4.00% 20 April 2023	0.10	2	▲	-4	▼
1.00% 8 February 2024	0.28	7	▲	8	▲
5.00% 20 August 2024	0.39	10	▲	17	▲
4.00% 20 May 2026	0.78	12	▲	28	▲
3.00% 20 May 2027	0.96	12	▲	30	▲
3.00% 20 March 2028	1.10	13	▲	30	▲
3.00% 20 April 2029	1.26	12	▲	32	▲
3.00% 20 February 2030	1.37	12	▲	28	▲
2.00% 20 March 2031	1.51	13	▲	26	▲
1.50% 20 February 2032	1.64	13	▲	25	▲
2.00% 8 March 2033	1.75	13	▲	28	▲
3.50% 20 March 2034	1.77	12	▲	15	▲
2.75% 20 November 2025 CIB	-1.21	3	▲	-11	▼
2.50% 20 November 2035 CIB	-0.13	0	–	-4	▼
10-year NSW TCorp Bond Yield	1.58	13	▲	34	▲
10-year TCV (Victoria) Spread	-0.02	1	▲	-4	▼
10-year QTC (Queensland) Spread	-0.06	0	▼	-2	▼
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	7,488	0.4%	▲	13.7%	▲
S&P500 (US)	4,509	1.5%	▲	20.1%	▲
FTSE 100 (UK)	7,148	0.8%	▲	10.6%	▲
DJ Stoxx 600 (Europe)	472	0.8%	▲	18.4%	▲
Nikkei 225 (Japan)	27,641	2.3%	▲	0.7%	▲
Shanghai Composite (China)	3,522	2.8%	▲	1.4%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.731	2.5%	▲	-5.0%	▼
EUR/USD	1.180	0.8%	▲	-3.4%	▼
USD/JPY	109.84	0.1%	▲	6.4%	▲
GBP/USD	1.38	1.0%	▲	0.7%	▲
US\$ Index	92.69	-0.9%	▼	3.1%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	72.70	11.5%	▲	40.3%	▲
Iron Ore (US\$/t)	157.63	13.7%	▲	-0.5%	▼
Coking Coal (US\$/t)	2,804.50	-0.3%	▼	86.9%	▲
Gold (US\$/oz)	1,817.57	2.0%	▲	-4.3%	▼

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