

The week that was

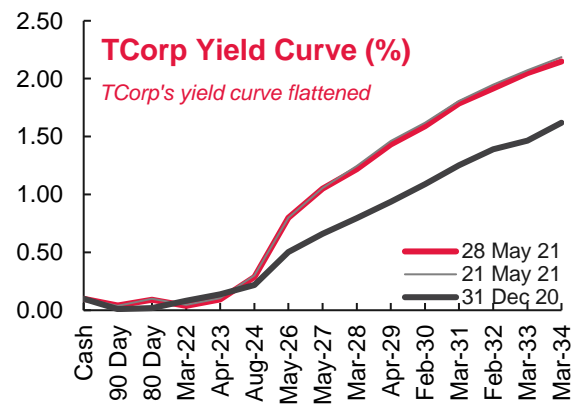
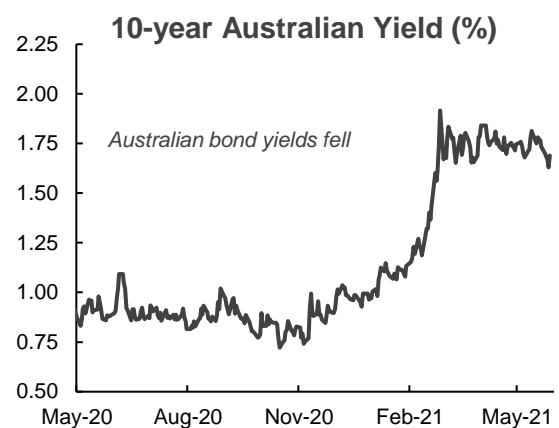
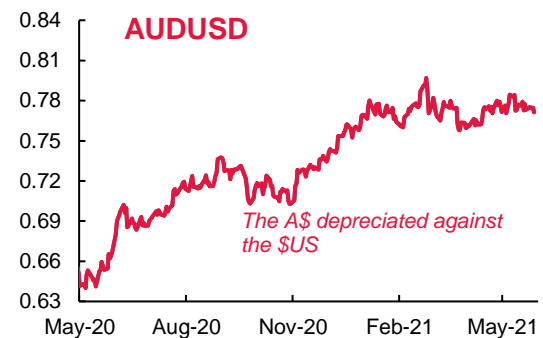
- Investors appeared to become more confident in central bankers reasoning that the sharp rise in US inflation indicators is transitory, and not a catalyst for tighter monetary policy settings. Australian business surveys pointed to a long-overdue pick up in business investment over the next 18 months.
- It was another volatile week for stocks, with share prices ultimately finishing higher. The US S&P500 gained 1.2%, the Euro Stoxx600 added 1.0% and ended at a record high, and the ASX200 rose 2.1%.
- Bond markets shrugged off the higher inflation data, with yields ending lower. Bond yields are now back at the lower end of the narrow range they have traded in for the last 3 months. US 10-year bond yields fell 3bps to 1.59%, while Australia's November 31 bond yield fell 4bps to 1.69%. TCorp's yield curve continued to flatten.
- The Commodity Research Bureau (CRB) Index of commodity prices added 2.4%, with gains broad based. Brent oil rose 4.8% to almost US\$70 per barrel. The Australian dollar depreciated 0.3% against the USD, ending at US\$0.771.

Economic calendar

Monday 31/5	AU: Private sector credit, Apr CH: PMIs, May
Tuesday 1/6	AU: RBA monetary policy meeting US: ISM Manufacturing index, May
Wednesday 2/6	AU: GDP, Q1 US: Fed's Beige Book regional report
Thursday 3/6	AU: Trade balance, Apr US: Initial jobless claims, 29 May
Friday 4/6	US: Non-farm payrolls, May G7: Annual Finance Ministers Meeting

The week ahead

- Domestic data releases are expected to show the Australian economy grew solidly in the March quarter (consensus forecast +1.1%), private sector appetite for credit increased in April (cons. +0.4%), and building approvals fell back in April after leaping 17% in March (cons. -10%).
- The Reserve Bank of Australia (RBA) has said that it will announce decisions on its support for bond markets at its July meeting, so no changes to monetary policy settings are expected this week.
- Internationally, Chinese purchasing managers' indexes (PMIs) will be monitored for signs that the Chinese economy's slowdown is levelling out. US calendar highlights include the ISM and monthly non-farm payrolls. The G7 finance ministers' meeting includes discussion of introducing a global minimum corporate tax rate, to combat tax avoidance.



Financial markets data: Week ending 28 May 2021

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.10	0	—	0	—
90-day BBSW	0.04	0	▲	3	▲
3-year Australian Bond Yield	0.28	0	▼	17	▲
10-year Australian Bond Yield	1.69	-4	▼	72	▲
20-year Australian Bond Yield	2.38	-4	▼	67	▲
10-year Australian Break-Even Inflation	2.17	-6	▼	41	▲
10-year Australian Real Yield	-0.49	2	▲	31	▲
Fed Funds Rate (lower bound)	0.00	0	—	0	—
2-year US Treasury Yield	0.14	-1	▼	2	▲
10-year US Treasury Yield	1.59	-3	▼	68	▲
30-year US Treasury Yield	2.28	-4	▼	64	▲
10-year German Bund Yield	-0.18	-5	▼	39	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
6.00% 1 March 2022	0.04	-1	▼	-4	▼
4.00% 20 April 2023	0.09	-1	▼	-4	▼
1.00% 8 February 2024	0.23	-1	▼	4	▲
5.00% 20 August 2024	0.29	-2	▼	7	▲
4.00% 20 May 2026	0.80	0	▲	30	▲
3.00% 20 May 2027	1.05	0	▼	39	▲
3.00% 20 March 2028	1.22	-3	▼	42	▲
3.00% 20 April 2029	1.43	-3	▼	49	▲
3.00% 20 February 2030	1.59	-3	▼	50	▲
2.00% 20 March 2031	1.79	-2	▼	53	▲
1.50% 20 February 2032	1.92	-3	▼	52	▲
2.00% 8 March 2033	2.05	-3	▼	58	▲
2.75% 20 November 2025 CIB	-1.41	5	▲	-30	▼
2.50% 20 November 2035 CIB	0.20	-2	▼	29	▲
10-year NSW TCorp Bond Yield	1.82	-2	▼	58	▲
10-year TCV (Victoria) Spread	-0.01	-1	▼	-3	▼
10-year QTC (Queensland) Spread	0.00	0	—	4	▲
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	7,180	2.1%	▲	9.0%	▲
S&P500 (US)	4,204	1.2%	▲	11.9%	▲
FTSE 100 (UK)	7,023	0.1%	▲	8.7%	▲
DJ Stoxx 600 (Europe)	449	1.0%	▲	12.5%	▲
Nikkei 225 (Japan)	29,149	2.9%	▲	6.2%	▲
Shanghai Composite (China)	3,601	3.3%	▲	3.7%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.771	-0.3%	▼	0.2%	▲
EUR/USD	1.219	0.1%	▲	-0.2%	▼
USD/JPY	109.85	0.8%	▲	6.4%	▲
GBP/USD	1.42	0.3%	▲	3.8%	▲
US\$ Index	90.03	0.0%	▲	0.1%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	69.63	4.8%	▲	34.4%	▲
Iron Ore (US\$/t)	204.99	-1.4%	▼	31.5%	▲
Coking Coal (US\$/t)	1,627.00	-0.8%	▼	8.4%	▲
Gold (US\$/oz)	1,903.77	1.2%	▲	0.3%	▲

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