

The week that was

- Is the US headed for recession? Last week the US 2-year bond yield rose above the 10-year bond yield. An inverted yield curve has preceded every US recession, although the time between inversion and recession can be as long as a couple of years.
- In the US, 10-year yields fell 9bps to 2.38%, while the 2-year rose 19bps to 2.46%. Australian 10-year yields rose 5bps to 2.83%, while 3-year yields leapt 16bps to 2.38%. TCorp's 10-year yield increased 5bps, to 3.17%.
- March US employment numbers pointed to a tight labour market and reinforced the case for monetary tightening. Non-farm payrolls grew 431,000, the unemployment rate dipped further to 3.6% and labour force participation rose. Average hourly earnings growth accelerated to 5.6% year-on-year.
- Australian data was firm, with retail sales up 1.8% in February, pointing to a post-Omicron recovery. The Federal Budget delivered numerous temporary measures to help households cope with higher inflation including halving the fuel excise for 6 months.
- Equities mainly gained. Europe's Stoxx600 rose 1.1%, the ASX200 was up 1.2% and the US S&P500 rose 0.1%. The Australian dollar moderated, down 0.3% to US\$0.75.

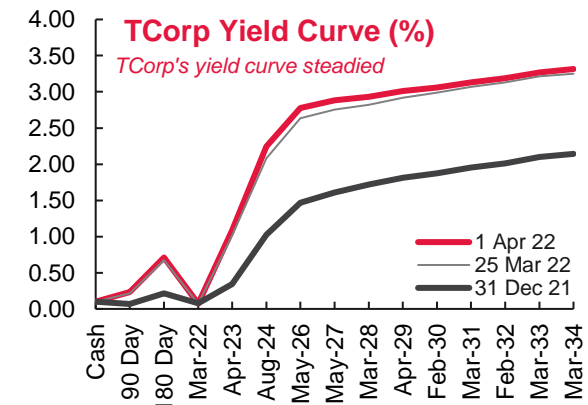
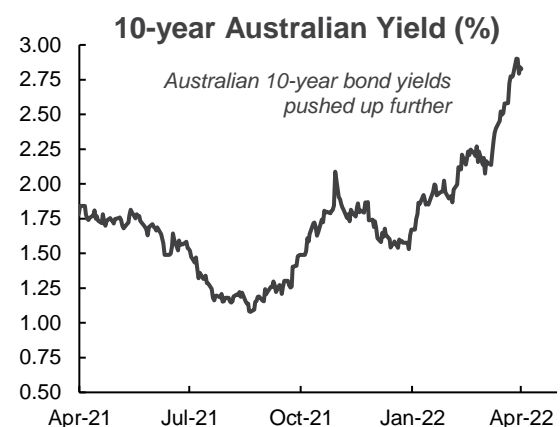
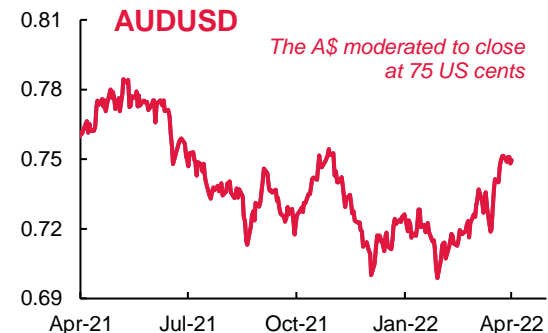
Economic calendar

Monday 04/04	AU: ANZ Job Advertisements, Mar
Tuesday 05/04	AU: RBA policy decision, Apr, Services PMI, Composite PMI, Mar (final) US: Durable goods orders, Feb (final), Trade balance, Feb
Wednesday 06/04	CH: Caixin Services PMI, Composite PMI, Mar US: ISM services index, Mar
Thursday 07/04	AU: Trade balance, Feb US: FOMC meeting minutes, Mar
Friday 08/04	AU: RBA Financial Stability Review US: Consumer credit, Feb

The week ahead

- The US Federal Reserve's Open Market Committee (FOMC) meeting minutes for March will be a key focus. Markets will be keen to see more on the hawkish forecasts the FOMC provided. Investors will also look to corroborate any details on the outlook for tightening with new comments from Fed members.
- At home, the Reserve Bank of Australia holds its April policy meeting. The market does not expect a change in the cash rate. However, commentary on the economic outlook, particularly inflation, will be closely scrutinised.

Financial markets charts



Financial markets data: Week ending 01 April 2022

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.10	0	—	0	—
90-day BBSW	0.23	2	▲	17	▲
3-year Australian Bond Yield	2.38	16	▲	146	▲
10-year Australian Bond Yield	2.83	5	▲	116	▲
20-year Australian Bond Yield	3.16	4	▲	89	▲
10-year Australian Break-Even Inflation	2.49	-1	▼	22	▲
10-year Australian Real Yield	0.34	6	▲	94	▲
Fed Funds Rate (lower bound)	0.25	0	—	25	▲
2-year US Treasury Yield	2.46	19	▲	172	▲
10-year US Treasury Yield	2.38	-9	▼	87	▲
30-year US Treasury Yield	2.43	-15	▼	53	▲
10-year German Bund Yield	0.56	-3	▼	73	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
6.00% 1 March 2022	0.07	0	—	0	▼
4.00% 20 April 2023	1.09	7	▲	74	▲
1.00% 8 February 2024	1.99	21	▲	116	▲
5.00% 20 August 2024	2.25	17	▲	123	▲
4.00% 20 May 2026	2.78	14	▲	131	▲
3.00% 20 May 2027	2.88	13	▲	128	▲
3.00% 20 March 2028	2.93	11	▲	121	▲
3.00% 20 April 2029	3.01	10	▲	120	▲
3.00% 20 February 2030	3.06	7	▲	119	▲
2.00% 20 March 2031	3.13	6	▲	118	▲
1.50% 20 February 2032	3.19	5	▲	118	▲
2.00% 8 March 2033	3.27	5	▲	117	▲
3.50% 20 March 2034	3.32	6	▲	117	▲
2.75% 20 November 2025 CIB	-0.29	21	▲	74	▲
2.50% 20 November 2035 CIB	0.93	4	▲	89	▲
10-year NSW TCorp Bond Yield	3.17	5	▲	120	▲
10-year TCV (Victoria) Spread	0.02	1	▲	-1	▼
10-year QTC (Queensland) Spread	-0.01	1	▲	-3	▼
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	7,494	1.2%	▲	0.7%	▲
S&P500 (US)	4,546	0.1%	▲	-4.6%	▼
FTSE 100 (UK)	7,538	0.7%	▲	2.1%	▲
DJ Stoxx600 (Europe)	458	1.1%	▲	-6.0%	▼
Nikkei 225 (Japan)	27,666	-1.7%	▼	-3.9%	▼
Shanghai Composite (China)	3,283	2.2%	▲	-9.8%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.750	-0.3%	▼	3.2%	▲
EUR/USD	1.104	0.5%	▲	-2.9%	▼
USD/JPY	122.52	0.4%	▲	6.5%	▲
GBP/USD	1.31	-0.5%	▼	-3.1%	▼
US\$ Index	98.63	-0.2%	▼	3.1%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	104.39	-13.5%	▼	34.2%	▲
Iron Ore (US\$/t)	161.34	5.3%	▲	33.3%	▲
Coking Coal (US\$/t)	3,218.50	-0.8%	▼	56.7%	▲
Gold (US\$/oz)	1,925.68	-1.7%	▼	5.3%	▲
Gold (US\$/oz)	1,958.29	1.9%	▲	7.1%	▲

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