

Financial markets charts

The week that was

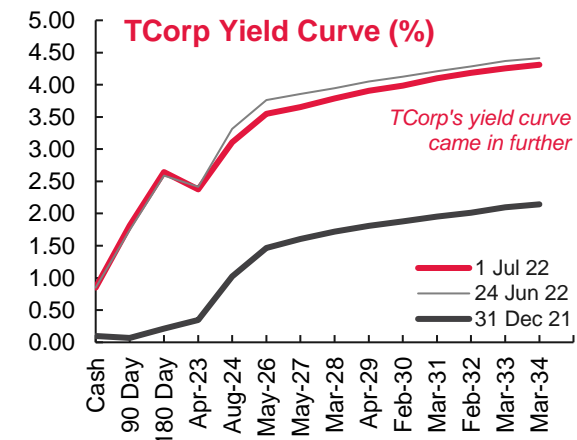
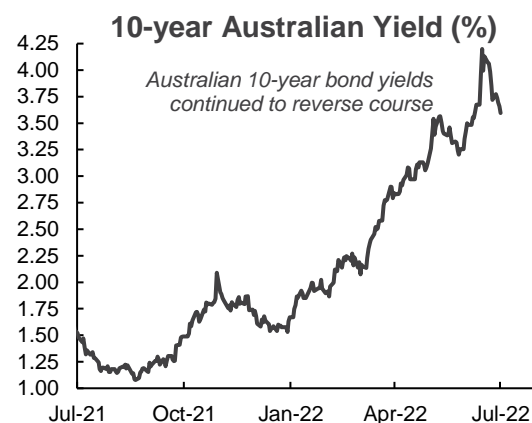
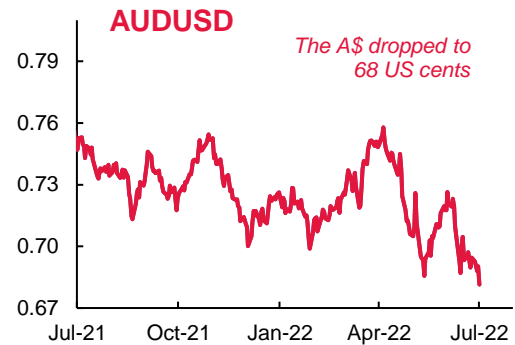
- Heightened volatility and faltering risk appetite coloured the second half of FY22. A succession of weaker data releases raised concerns that activity in the US and Europe is deteriorating rapidly. At the same time, key central bankers continued to talk up their focus on inflation.
- US personal spending for May was weaker. Spending growth slowed to 0.2% month-on-month, while the April estimate was revised down. Real personal spending was down 0.4% month-on-month, its first decline this year, underlining the impact of high inflation.
- In Europe, consumer confidence slumped. The German GfK survey fell to -27.4 points in June, a record low. The French INSEE survey also slid, to its lowest level since 2013, at 82 points.
- Bond yields declined further. The US 10-year yield slumped 25bps, to 2.88%. Australian 10-year yields dropped 12bps, to 3.60%. TCorp's 10-year yield came in 11bps, to 4.18%
- Equities plunged; the US S&P500 was down 2.2%, the European Stoxx600 lost 1.4% and the ASX200 fell 0.6%. As risk appetite waned, the Australian dollar depreciated, down 1.9% to US\$0.681.

Economic calendar

| | |
|------------------------|--|
| Monday 04/07 | AU: ANZ Job Advertisements, Jun, Home loans, May, Building approvals, May |
| Tuesday 05/07 | AU: RBA Interest Rate decision, Jul, S&P PMIs, Jun (final) CH: Caixin Composite PMI, Jun, Caixin Services PMI, Jun EU: S&P PMIs, Jun (final) |
| Wednesday 06/07 | US: Durable goods orders, May (final) |
| Thursday 07/07 | AU: Trade balance, May EU: ECB meeting minutes, Jun US: FOMC meeting minutes, Jun, ISM Services Index, Jun, JOLTS job openings May, Trade balance, May |
| Friday 08/07 | EU: ECB President Lagarde speech US: Non-farm payrolls, Jun, Unemployment rate, Jun, Average earnings, Jun |

The week ahead

- The Reserve Bank of Australia July meeting and policy decision is the focus. Market consensus is for a 50bps rate hike, taking the cash rate to 1.35%.
- June meeting minutes for the US FOMC and Europe's ECB will also be released. These will be closely reviewed. The US employment report will also be key, for gauging the pace of the slowdown.



Financial markets data: Week ending 01 July 2022

| Interest Rates | Close (%) | 1 Week (bps) | | YTD (bps) | |
|---|-----------|--------------|---|-----------|---|
| RBA Cash Rate | 0.85 | 0 | — | 75 | ▲ |
| 90-day BBSW | 1.81 | 7 | ▲ | 175 | ▲ |
| 3-year Australian Bond Yield | 2.97 | -23 | ▼ | 206 | ▲ |
| 10-year Australian Bond Yield | 3.60 | -12 | ▼ | 193 | ▲ |
| 20-year Australian Bond Yield | 3.82 | -11 | ▼ | 155 | ▲ |
| 10-year Australian Break-Even Inflation | 2.23 | -11 | ▼ | -4 | ▼ |
| 10-year Australian Real Yield | 1.36 | -1 | ▼ | 196 | ▲ |
| Fed Funds Rate (lower bound) | 1.50 | 0 | — | 150 | ▲ |
| 2-year US Treasury Yield | 2.83 | -23 | ▼ | 210 | ▲ |
| 10-year US Treasury Yield | 2.88 | -25 | ▼ | 137 | ▲ |
| 30-year US Treasury Yield | 3.10 | -15 | ▼ | 120 | ▲ |
| 10-year German Bund Yield | 1.23 | -21 | ▼ | 141 | ▲ |
| NSW TCorp Bonds | Close (%) | 1 Week (bps) | | YTD (bps) | |
| 4.00% 20 April 2023 | 2.38 | -4 | ▼ | 203 | ▲ |
| 1.00% 8 February 2024 | 2.85 | -22 | ▼ | 203 | ▲ |
| 5.00% 20 August 2024 | 3.11 | -21 | ▼ | 209 | ▲ |
| 1.25% 20 March 2025 | 3.33 | -20 | ▼ | 210 | ▲ |
| 4.00% 20 May 2026 | 3.55 | -21 | ▼ | 208 | ▲ |
| 3.00% 20 May 2027 | 3.65 | -21 | ▼ | 205 | ▲ |
| 3.00% 20 March 2028 | 3.79 | -16 | ▼ | 207 | ▲ |
| 3.00% 20 April 2029 | 3.91 | -15 | ▼ | 210 | ▲ |
| 3.00% 20 February 2030 | 3.99 | -14 | ▼ | 211 | ▲ |
| 2.00% 20 March 2031 | 4.10 | -11 | ▼ | 215 | ▲ |
| 1.50% 20 February 2032 | 4.19 | -10 | ▼ | 218 | ▲ |
| 2.00% 8 March 2033 | 4.25 | -12 | ▼ | 215 | ▲ |
| 3.50% 20 March 2034 | 4.31 | -10 | ▼ | 217 | ▲ |
| 2.75% 20 November 2025 CIB | -0.28 | -64 | ▼ | 76 | ▲ |
| 2.50% 20 November 2035 CIB | 1.94 | 6 | ▲ | 191 | ▲ |
| 10-year NSW TCorp Bond Yield | 4.18 | -11 | ▼ | 220 | ▲ |
| 10-year TCV (Victoria) Spread | 0.02 | 0 | ▼ | -2 | ▼ |
| 10-year QTC (Queensland) Spread | -0.08 | -1 | ▼ | -9 | ▼ |
| Equities | Close | 1 Week | | YTD | |
| S&P/ASX200 (Australia) | 6,540 | -0.6% | ▼ | -12.2% | ▼ |
| S&P500 (US) | 3,825 | -2.2% | ▼ | -19.7% | ▼ |
| FTSE 100 (UK) | 7,169 | -0.6% | ▼ | -2.9% | ▼ |
| DJ Stoxx600 (Europe) | 407 | -1.4% | ▼ | -16.5% | ▼ |
| Nikkei 225 (Japan) | 25,936 | -2.1% | ▼ | -9.9% | ▼ |
| Shanghai Composite (China) | 3,388 | 1.1% | ▲ | -6.9% | ▼ |
| Currencies | Close | 1 Week | | YTD | |
| AUD/USD | 0.681 | -1.9% | ▼ | -6.2% | ▼ |
| EUR/USD | 1.041 | -1.3% | ▼ | -8.4% | ▼ |
| USD/JPY | 135.21 | 0.0% | ▼ | 17.5% | ▲ |
| GBP/USD | 1.21 | -1.4% | ▼ | -10.6% | ▼ |
| US\$ Index | 105.14 | 0.9% | ▲ | 9.9% | ▲ |
| Commodities | Close | 1 Week | | YTD | |
| Brent Oil (US\$/bbl) | 111.63 | -1.3% | ▼ | 43.5% | ▲ |
| Iron Ore (US\$/t) | 114.60 | 0.4% | ▲ | -5.3% | ▼ |
| Coking Coal (US\$/t) | 2,570.50 | -8.3% | ▼ | 25.2% | ▲ |
| Gold (US\$/oz) | 1,811.43 | -0.8% | ▼ | -1.0% | ▼ |

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