

The week that was

- Australia's annual inflation rate rose to 2.2% in Q1, back within the RBA's target range of 2-3%. Prices rose 0.3% in the quarter, bolstered by higher food costs from both the bushfires and COVID-19 panic buying. Tobacco prices also rose sharply adding 0.5ppt while lower petrol prices were the main drag reducing inflation by 0.2ppt.
- Another 3.8m people filed for unemployment benefits in the US, bringing the total to 30m since the COVID-19 shock. The US also recorded the steepest economic contraction since the GFC with 1Q GDP printing at -4.8% q/q. Eurozone GDP also contracted sharply, declining 3.8% q/q. Both results show only the initial impact of virus containment on economic activity with worse to come in Q2.
- As countries move to ease restrictions, markets have been given some idea of when economic activity will resume. Australia's stock market rose 0.1% and European stocks rose 2.4%. The US S&P500 declined 0.2% as earnings results highlight the uncertainty ahead (though the losses were pared by promising news on a drug to treat the virus).
- In China, the official manufacturing PMI fell to 50.8 in April, from 52.0, highlighting China's recovery is also dependent on the resumption of activity globally to support its exports. The services sector showed a further improvement increasing to 53.2.

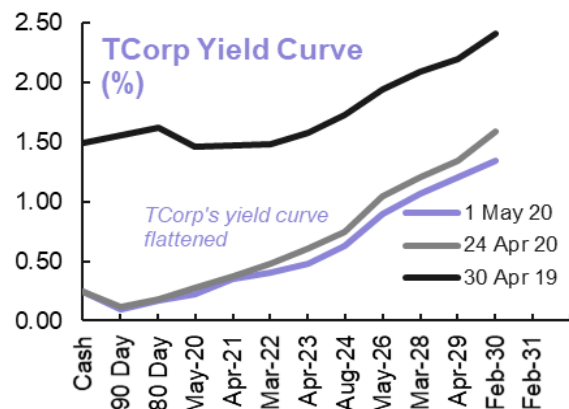
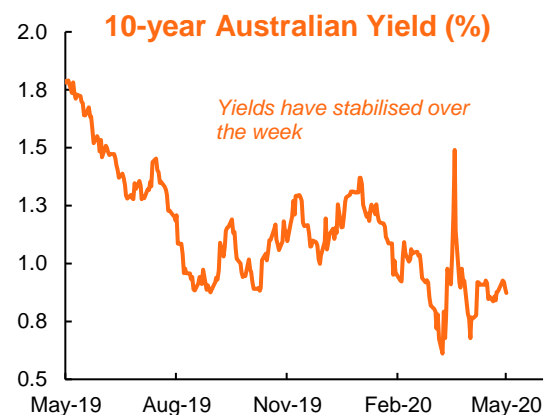
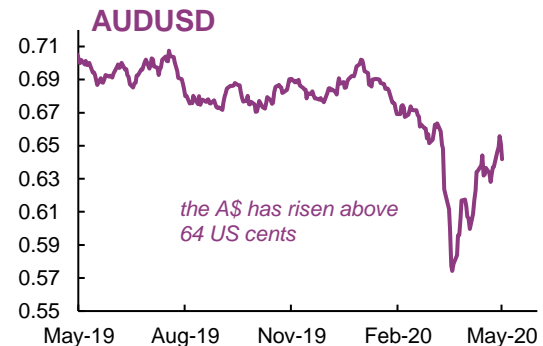
Economic calendar

Monday 04/05	AU: Building Approvals, Mar EC: Markit Manufacturing PMI, Apr
Tuesday 05/05	AU: RBA Policy Decision, May AU: Payrolls US: ISM Non-manufacturing PMI, Apr
Wednesday 06/05	AU: Retail Sales, 1Q NZ: Unemployment Rate, 1Q
Thursday 07/05	UK: BoE Policy Decision, May
Friday 08/05	AU: RBA Statement on Monetary Policy US: Non-farm payrolls, Apr

The week ahead

- No change is expected at the RBA's monetary policy decision meeting on Tuesday. Friday's Statement on Monetary Policy will provide insights into the Bank's outlook under various scenarios.
- US non-farm payrolls and the unemployment rate for April are expected to deteriorate sharply from March's readings as most of the surge seen in initial jobless claims will be included.

Financial markets charts



Financial markets data: Week ending 1 May 2020

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.25	0	—	-50	▼
90-day BBSW	0.10	-2	▼	-83	▼
3-year Australian Bond Yield	0.24	-2	▼	-66	▼
10-year Australian Bond Yield	0.87	-1	▼	-50	▼
20-year Australian Bond Yield	1.59	3	▲	-28	▼
10-year Australian Break-Even Inflation	0.68	7	▲	-73	▼
10-year Australian Real Yield	0.19	-8	▼	23	▲
Fed Funds Rate (lower bound)	0.00	0	—	-150	▼
2-year US Treasury Yield	0.19	-3	▼	-138	▼
10-year US Treasury Yield	0.61	1	▲	-131	▼
30-year US Treasury Yield	1.25	8	▲	-114	▼
10-year German Bund Yield	-0.59	-11	▼	-40	▼
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
6.00% 1 May 2020	0.22	-6	▼	-71	▼
4.00% 8 April 2021	0.36	-2	▼	-65	▼
6.00% 1 March 2022	0.41	-7	▼	-65	▼
4.00% 20 April 2023	0.48	-12	▼	-69	▼
1.00% 8 February 2024	0.60	-13	▼	-68	▼
5.00% 20 August 2024	0.63	-12	▼	-65	▼
4.00% 20 May 2026	0.90	-15	▼	-55	▼
3.00% 20 May 2027	1.07	-14	▼	-50	▼
3.00% 20 March 2028	1.20	-15	▼	-46	▼
3.00% 20 April 2029	1.35	-12	▼	-43	▼
3.00% 20 February 2030	1.48	-12	▼	-36	▼
2.00% 20 March 2031	1.63	-10	▼	-33	▼
2.00% 20 March 2032	1.83	-10	▼	n/a	n/a
2.00% 20 March 2033	1.83	-8	▼	-37	▼
3.75% 20 August 2020 CIB	-0.82	-5	▼	-14	▼
2.75% 20 November 2025 CIB	0.59	-21	▼	49	▲
2.50% 20 November 2035 CIB	1.19	-10	▼	n/a	n/a
10-year NSW TCorp Bond Yield	1.53	-10	▼	-31	▼
10-year TCV (Victoria) Spread	-0.09	-2	▼	-7	▼
10-year QTC (Queensland) Spread	-0.03	-2	▼	-6	▼
Equities	Close	1 Week		YTD	
S&P/ASX 200 (Australia)	5,246	0.1%	▲	-21.5%	▼
S&P 500 (US)	2,831	-0.2%	▼	-12.4%	▼
FTSE 100 (UK)	5,763	0.2%	▲	-23.6%	▼
DJ Stoxx 600 (Europe)	337	2.4%	▲	-18.9%	▼
Nikkei 225 (Japan)	19,619	1.9%	▲	-17.1%	▼
Shanghai Composite (China)	2,860	1.8%	▲	-6.2%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.642	0.7%	▲	-8.6%	▼
EUR/USD	1.098	1.5%	▲	-2.1%	▼
USD/JPY	106.91	-0.6%	▼	-1.6%	▼
GBP/USD	1.25	1.1%	▲	-5.7%	▼
US\$ Index	99.08	-1.3%	▼	2.8%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	26.44	23.3%	▲	-59.9%	▼
Iron Ore (US\$/t)	83.84	0.2%	▲	-8.4%	▼
Coking Coal (US\$/t)	1,234.50	1.6%	▲	2.3%	▲
Gold (US\$/oz)	1,700.42	-1.7%	▼	12.1%	▲

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