

Financial markets charts

The week that was

- US 10-year bond yields fell by 40bps last week, in response to weaker labour market data and US Federal Reserve (Fed) Chair Jerome Powell indicating that a first rate cut in September is likely. Data pointing to slowing US economic activity also weighed on yields and increased investors' expectations of rate cuts. US 10-year yields are now at their lowest level since the start of this year.
- Australian 10-year bonds yields fell 26bps after data showed that underlying inflation continued to fall in the June quarter. This provided investors with comfort that Australian inflation is falling in line with inflation offshore and that the Reserve Bank of Australia (RBA) does not need to hike rates further. Investors now expect the RBA to start lowering rates towards the end of this year or early next year. This prospect boosted Australian equities, with the ASX200 rising slightly last week, while equity markets in other advanced economies fell sharply.
- The US S&P500 fell 2.1%, again weighed down by weakness in the technology sector. The softer labour market data raised concerns of a hard landing in the US economy, also triggering a large fall in equities.
- The Bank of England cut rates for the first time in this cycle but indicated a cautious approach to further cuts.
- The Bank of Japan raised interest rates from 0-0.1% to 0.25% and signalled an intention to continue normalising monetary policy settings.
- Oil prices fell over 5%, driven by concerns around softer demand as growth in China and the US slows.

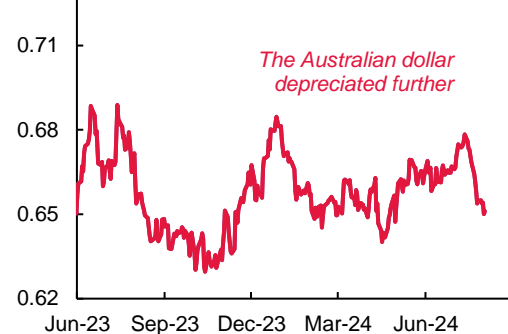
Economic calendar

Monday 05/08	Global: PMIs, Jul (final) CH: Caixin Services PMI, Jul
Tuesday 06/08	AU: RBA policy decision; Statement on Monetary Policy US: ISM services, Jul
Wednesday 07/08	
Thursday 08/08	AU: RBA Governor speech
Friday 09/08	CH: Inflation, Jul GE: Inflation, Jul (final)

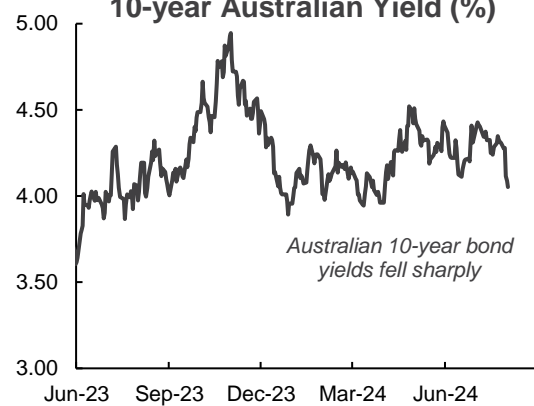
The week ahead

- The RBA Board meets this week and is expected to keep interest rates on hold. Focus will be on the RBA's updated economic forecasts and any change in emphasis on the balance of risks that could provide a signal about the timing of rate cuts.
- Offshore investors will focus on the ISM Services Index, after it fell sharply in June and the ISM Manufacturing Index suggested a sharp slowing in manufacturing activity in July.

AUD/USD



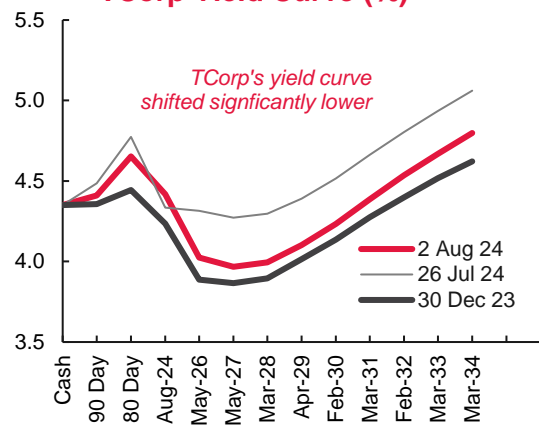
10-year Australian Yield (%)



ASX200 (Index)



TCorp Yield Curve (%)



Financial markets data: Week ending 2 August 2024

INTEREST RATES	CLOSE (%)	1 WEEK (BPS)		YTD (BPS)	
RBA Cash Rate	4.35	0	—	0	—
90-day BBSW	4.41	-7	▼	5	▲
3-year Australian Bond Yield	3.68	-30	▼	7	▲
10-year Australian Bond Yield	4.05	-26	▼	10	▲
20-year Australian Bond Yield	4.55	-20	▼	31	▲
10-year Australian Break-Even Inflation	2.38	-4	▼	-19	▼
10-year Australian Real Yield	1.67	-22	▼	29	▲
Fed Funds Rate (lower bound)	5.25	0	—	0	—
2-year US Treasury Yield	3.88	-50	▼	-37	▼
10-year US Treasury Yield	3.79	-40	▼	-9	▼
30-year US Treasury Yield	4.11	-35	▼	8	▲
10-year German Bund Yield	2.17	-23	▼	15	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
5.00% 20 August 2024	4.42	8	▲	18	▲
1.25% 20 March 2025	4.20	-19	▼	17	▲
4.00% 20 May 2026	4.02	-29	▼	14	▲
3.00% 20 May 2027	3.97	-31	▼	10	▲
3.00% 20 March 2028	4.00	-30	▼	10	▲
3.00% 20 April 2029	4.10	-29	▼	9	▲
3.00% 20 February 2030	4.23	-28	▼	10	▲
2.00% 20 March 2031	4.39	-28	▼	11	▲
1.50% 20 February 2032	4.54	-27	▼	14	▲
2.00% 8 March 2033	4.67	-27	▼	15	▲
1.75% 20 March 2034	4.80	-26	▼	18	▲
2.75% 20 November 2025 CIB	1.99	0	—	92	▲
2.50% 20 November 2035 CIB	2.35	-21	▼	28	▲
10-year NSW TCorp Bond Yield	4.80	-25	▼	24	▲
10-year TCV (Victoria) Spread	0.07	-1	▼	-4	▼
10-year QTC (Queensland) Spread	0.01	0	▲	9	▲
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	7,943	0.3%	▲	4.6%	▲
S&P500 (US)	5,347	-2.1%	▼	12.1%	▲
FTSE 100 (UK)	8,175	-1.3%	▼	5.7%	▲
DJ Stoxx600 (Europe)	498	-2.9%	▼	3.9%	▲
Nikkei 225 (Japan)	35,910	-4.7%	▼	7.3%	▲
Shanghai Composite (China)	2,905	0.5%	▲	-2.3%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.651	-0.6%	▼	-4.4%	▼
EUR/USD	1.091	0.5%	▲	-1.2%	▼
USD/JPY	146.53	-4.7%	▼	3.9%	▲
GBP/USD	1.28	-0.5%	▼	0.5%	▲
US\$ Index	103.21	-1.1%	▼	1.9%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	76.81	-5.3%	▼	-0.3%	▼
Iron Ore (US\$/t)	103.83	-2.2%	▼	-23.9%	▼
Coking Coal (US\$/t)	222.92	0.7%	▲	-19.1%	▼
Gold (US\$/oz)	2,443.24	2.3%	▲	18.4%	▲

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