

Financial markets charts

The week that was

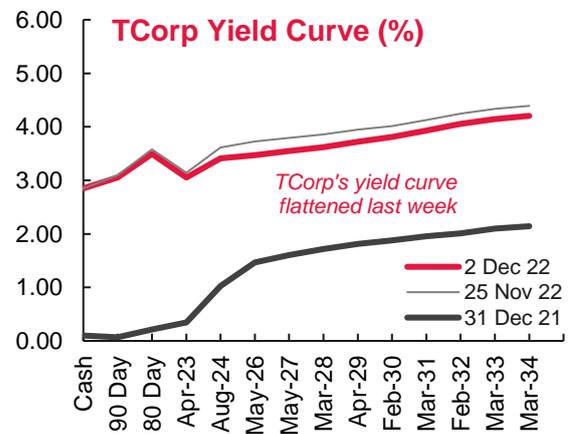
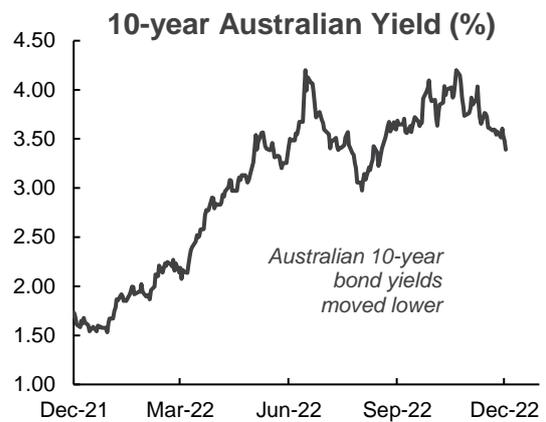
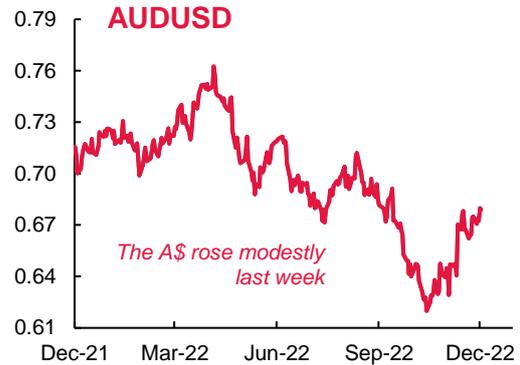
- Global equity markets rose, and bond yields fell last week as investors became increasingly confident that China will shift away from its COVID-zero strategy, and the head of the US central bank indicated that he intends to reduce the size of future rate hikes.
- Locally, a surprisingly benign October inflation reading and a fall in October retail sales also encouraged investors to think the Reserve Bank of Australia (RBA) is nearing the end of its tightening cycle.
- US 10-year bond yields fell by 19bps last week, as did TCorp's 2032 bond yield. Australia's 10-year bond yield declined by 18bps to 3.39%.
- The US S&P500 increased by 1.1% while stocks in Europe and Australia rose by 0.6%. Chinese shares outperformed, gaining 1.8%.
- The hope that fewer COVID restrictions in China could trigger a rebound in growth also explains the strength of iron ore prices last week, jumping by 14.5%. This, in turn, supported the Australian dollar which rose by 0.6%.

Economic calendar

Monday 5/12	AU: Company profits, Q3 AU: Business inventories, Q3
Tuesday 6/12	AU: Balance of payments, Q3 AU: RBA policy meeting
Wednesday 7/12	AU: Economic growth, Q3 CA: Bank of Canada policy decision
Thursday 8/12	AU: Trade balance, Oct US: Initial jobless claims
Friday 9/12	US: Producer prices, Nov CH: Producer prices, Nov

The week ahead

- In Australia, most investors will be focused on the Reserve Bank of Australia's final policy meeting for 2022. It is expected to raise its policy rate by another 25bps at the December meeting although there is a small possibility that the RBA could hold rates steady.
- Besides the RBA policy decision, the National Accounts are released on Wednesday and will reveal how much the economy grew in the September quarter. Ahead of that, a slew of partial indicators is released, including company profits, business inventories and net exports.
- Globally, the Bank of Canada will also review its policy settings and is expected to raise its policy rate by 25bps or 50bps. Producer prices for the US and China will also be released.



Financial markets data: Week ending 2 December 2022

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	2.85	0	–	275	▲
90-day BBSW	3.06	-4	▼	299	▲
3-year Australian Bond Yield	3.03	-24	▼	211	▲
10-year Australian Bond Yield	3.39	-18	▼	172	▲
20-year Australian Bond Yield	3.79	-18	▼	152	▲
10-year Australian Break-Even Inflation	2.43	16	▲	15	▲
10-year Australian Real Yield	0.97	-34	▼	157	▲
Fed Funds Rate (lower bound)	3.75	0	–	375	▲
2-year US Treasury Yield	4.27	-18	▼	354	▲
10-year US Treasury Yield	3.49	-19	▼	198	▲
30-year US Treasury Yield	3.55	-18	▼	164	▲
10-year German Bund Yield	1.86	-12	▼	203	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 20 April 2023	3.05	-9	▼	271	▲
1.00% 8 February 2024	3.36	-20	▼	253	▲
5.00% 20 August 2024	3.41	-20	▼	239	▲
1.25% 20 March 2025	3.35	-22	▼	213	▲
4.00% 20 May 2026	3.47	-26	▼	200	▲
3.00% 20 May 2027	3.55	-24	▼	194	▲
3.00% 20 March 2028	3.62	-24	▼	191	▲
3.00% 20 April 2029	3.72	-22	▼	191	▲
3.00% 20 February 2030	3.81	-21	▼	193	▲
2.00% 20 March 2031	3.93	-20	▼	197	▲
1.50% 20 February 2032	4.06	-19	▼	205	▲
2.00% 8 March 2033	4.15	-19	▼	205	▲
3.50% 20 March 2034	4.21	-19	▼	206	▲
2.75% 20 November 2025 CIB	0.31	-18	▼	134	▲
2.50% 20 November 2035 CIB	2.17	8	▲	214	▲
10-year NSW TCorp Bond Yield	4.10	-19	▼	212	▲
10-year TCV (Victoria) Spread	0.04	1	▲	0	▼
10-year QTC (Queensland) Spread	-0.08	1	▲	-9	▼
Equities	Close	1 Week		YTD	
S&P/ASX 200 (Australia)	7,301	0.6%	▲	-1.9%	▼
S&P 500 (US)	4,072	1.1%	▲	-14.6%	▼
FTSE 100 (UK)	7,556	0.9%	▲	2.3%	▲
DJ Stoxx 600 (Europe)	443	0.6%	▲	-9.1%	▼
Nikkei 225 (Japan)	27,778	-1.8%	▼	-3.5%	▼
Shanghai Composite (China)	3,156	1.8%	▲	-13.3%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.679	0.6%	▲	-6.5%	▼
EUR/USD	1.054	1.3%	▲	-7.3%	▼
USD/JPY	134.31	-3.5%	▼	16.7%	▲
GBP/USD	1.23	1.6%	▲	-9.3%	▼
US\$ Index	104.55	-1.3%	▼	9.3%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	85.57	2.3%	▲	10.0%	▲
Iron Ore (US\$/t)	106.59	14.5%	▲	-5.3%	▼
Coking Coal (US\$/t)	2,840.00	-11.1%	▼	38.3%	▲
Gold (US\$/oz)	1,797.63	2.4%	▲	-1.7%	▼

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