

The week that was

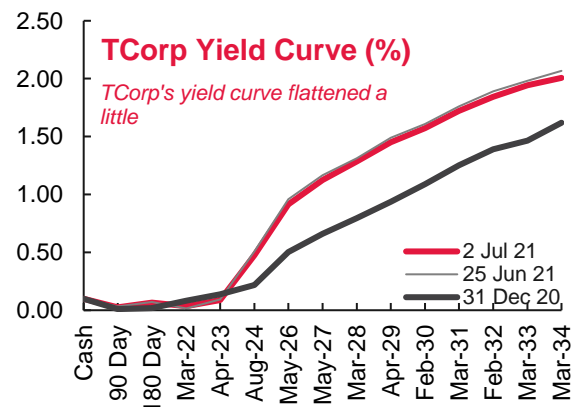
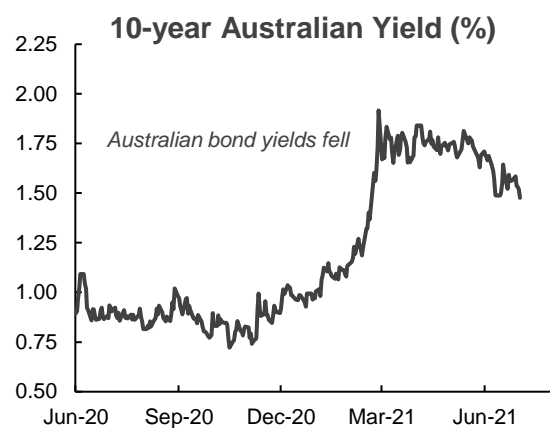
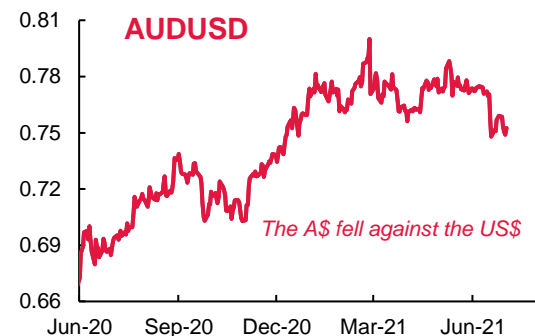
- Despite generally strong economic data released last week, bond yields declined and most equity markets fell.
- Surveys of manufacturing activity in the US and Europe remained robust in June, but the key data focus last week was US jobs numbers. While employment rose by a very strong 850,000 in June (exceeding the market estimate of 715,000), the unemployment rate unexpectedly rose to 5.9%.
- US 10-year bond yields fell by 10bps, to 1.42% over the week, German 10-year yields fell 8bps to 0.24%, while Australian 10-year bond yields fell 9bps to 1.48%. TCorp's 10-year yield fell 4bps to 1.76%.
- Equity markets in the UK, Europe, Japan and China all ended the week lower, although the Australian ASX200 managed to close the week flat after a solid rally on Friday. The US S&P500 was a notable exception to the softer trend, climbing 1.7% over the week to once again close at a new all-time high.
- The Australian dollar fell 0.8%, closing at US\$0.753, a slight rebound on its low of US\$0.745 for the week.

Economic calendar

| | |
|----------------------|--|
| Monday 5/7 | AU: Building approvals, Retail sales CH: Caixin services PMI, Jun |
| Tuesday 6/7 | AU: RBA policy meeting US: ISM services index, Jun |
| Wednesday 7/7 | US: FOMC meeting minutes |
| Thursday 8/7 | AU: RBA Governor speech US: Initial jobless claims |
| Friday 9/7 | CH: Consumer price inflation, Jun CH: Aggregate financing, Jun |

The week ahead

- In Australia, retail sales and building approvals will be released. The focus will be on the July Reserve Bank of Australia (RBA) policy meeting where the RBA will reveal whether it has decided to extend its 3-year bond yield target at 0.1%, as well as the details of its next bond-buying programme. RBA Governor Lowe will also speak after the announcement.
- The minutes of the US central bank's June policy meeting will also be released, and they may be of interest given that several policymakers brought forward their planned rate hikes at that meeting.
- Purchasing managers' indexes will also be released and shed light on the health of the services sector during June.



Financial markets data: Week ending 2 July 2021

| Interest Rates | Close (%) | 1 Week (bps) | | YTD (bps) | |
|---|-----------|--------------|---|-----------|---|
| RBA Cash Rate | 0.10 | 0 | — | 0 | — |
| 90-day BBSW | 0.03 | -1 | ▼ | 2 | ▲ |
| 3-year Australian Bond Yield | 0.38 | -8 | ▼ | 28 | ▲ |
| 10-year Australian Bond Yield | 1.48 | -9 | ▼ | 51 | ▲ |
| 20-year Australian Bond Yield | 2.08 | -11 | ▼ | 37 | ▲ |
| 10-year Australian Break-Even Inflation | 2.05 | 0 | ▲ | 28 | ▲ |
| 10-year Australian Real Yield | -0.57 | -9 | ▼ | 23 | ▲ |
| Fed Funds Rate (lower bound) | 0.00 | 0 | — | 0 | — |
| 2-year US Treasury Yield | 0.23 | -3 | ▼ | 11 | ▲ |
| 10-year US Treasury Yield | 1.42 | -10 | ▼ | 51 | ▲ |
| 30-year US Treasury Yield | 2.04 | -11 | ▼ | 40 | ▲ |
| 10-year German Bund Yield | -0.24 | -8 | ▼ | 33 | ▲ |
| NSW TCorp Bonds | Close (%) | 1 Week (bps) | | YTD (bps) | |
| 6.00% 1 March 2022 | 0.03 | 2 | ▲ | -5 | ▼ |
| 4.00% 20 April 2023 | 0.09 | 0 | ▼ | -5 | ▼ |
| 1.00% 8 February 2024 | 0.30 | -2 | ▼ | 11 | ▲ |
| 5.00% 20 August 2024 | 0.47 | -3 | ▼ | 26 | ▲ |
| 4.00% 20 May 2026 | 0.91 | -4 | ▼ | 41 | ▲ |
| 3.00% 20 May 2027 | 1.13 | -4 | ▼ | 47 | ▲ |
| 3.00% 20 March 2028 | 1.28 | -3 | ▼ | 49 | ▲ |
| 3.00% 20 April 2029 | 1.45 | -4 | ▼ | 52 | ▲ |
| 3.00% 20 February 2030 | 1.57 | -3 | ▼ | 49 | ▲ |
| 2.00% 20 March 2031 | 1.72 | -4 | ▼ | 47 | ▲ |
| 1.50% 20 February 2032 | 1.84 | -5 | ▼ | 45 | ▲ |
| 2.00% 8 March 2033 | 1.94 | -4 | ▼ | 48 | ▲ |
| 2.75% 20 November 2025 CIB | -1.15 | -6 | ▼ | -4 | ▼ |
| 2.50% 20 November 2035 CIB | 0.14 | -6 | ▼ | 24 | ▲ |
| 10-year NSW TCorp Bond Yield | 1.76 | -4 | ▼ | 52 | ▲ |
| 10-year TCV (Victoria) Spread | 0.01 | 1 | ▲ | -1 | ▼ |
| 10-year QTC (Queensland) Spread | -0.03 | 0 | ▼ | 1 | ▲ |
| Equities | Close | 1 Week | | YTD | |
| S&P/ASX200 (Australia) | 7,309 | 0.0% | ▲ | 11.0% | ▲ |
| S&P500 (US) | 4,352 | 1.7% | ▲ | 15.9% | ▲ |
| FTSE100 (UK) | 7,123 | -0.2% | ▼ | 10.3% | ▲ |
| DJ Stoxx 600 (Europe) | 457 | -0.2% | ▼ | 14.5% | ▲ |
| Nikkei 225 (Japan) | 28,783 | -1.0% | ▼ | 4.9% | ▲ |
| Shanghai Composite (China) | 3,519 | -2.5% | ▼ | 1.3% | ▲ |
| Currencies | Close | 1 Week | | YTD | |
| AUD/USD | 0.753 | -0.8% | ▼ | -2.7% | ▼ |
| EUR/USD | 1.187 | -0.6% | ▼ | -3.4% | ▼ |
| USD/JPY | 111.05 | 0.3% | ▲ | 7.8% | ▲ |
| GBP/USD | 1.38 | -0.4% | ▼ | 1.1% | ▲ |
| US\$ Index | 92.23 | 0.4% | ▲ | 2.5% | ▲ |
| Commodities | Close | 1 Week | | YTD | |
| Brent Oil (US\$/bbl) | 76.17 | 0.0% | ▼ | 47.0% | ▲ |
| Iron Ore (US\$/t) | 212.06 | -1.1% | ▼ | 36.1% | ▲ |
| Coking Coal (US\$/t) | 2,275.00 | 0.4% | ▲ | 51.6% | ▲ |
| Gold (US\$/oz) | 1,787.30 | 0.3% | ▲ | -5.9% | ▼ |

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