

The week that was

- Equity markets have reflected the worsening health news and deterioration in economic data. In the US, the S&P 500 was down 2.1%, European stocks fell 0.6% and the Nikkei slumped 8.1%. That said, Australian equities rose over the week, up 4.6%, buoyed by a huge \$130bn wage subsidy announced by the Australian Government and higher oil prices.
- In the US, new jobless claims for the week ending 28 March more than doubled the prior week's already staggering result with 6.65million people claiming unemployment benefits for the first time.
- US non-farm payrolls fell much more than expected with a loss of 701,000 jobs, with a corresponding increase in the unemployment rate to 4.4%. Even more surprising was the fact the reference period pre-dated the last 2 week surge in new jobless claims.
- China's Caixin Composite PMI had a solid gain from 27.5 to 46.7. While still in the contractionary zone it does represent China's production and services sector beginning to pick up. Elsewhere though, composite PMIs are below 40 reflecting the virus containment measures in place.
- US President Donald Trump tweeted he expected Saudi Arabia and Russia to agree on reducing oil production. China had also indicated its intent for additional purchases. Following this, the price of oil surged with Brent Crude up 36.8% to US\$34.11 a barrel.

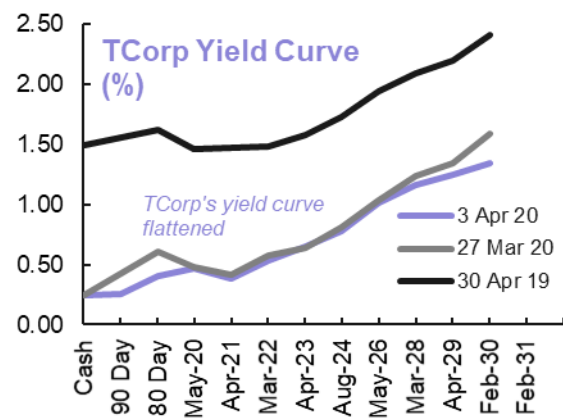
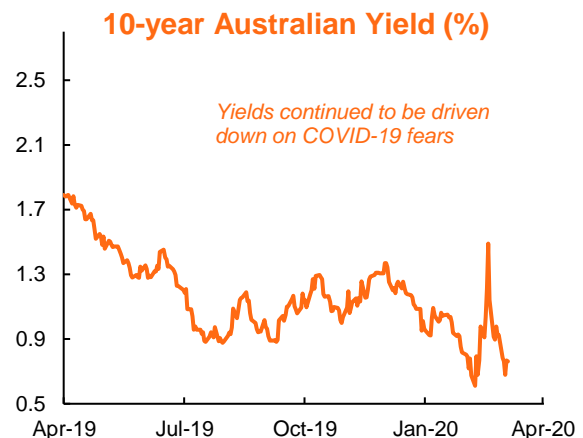
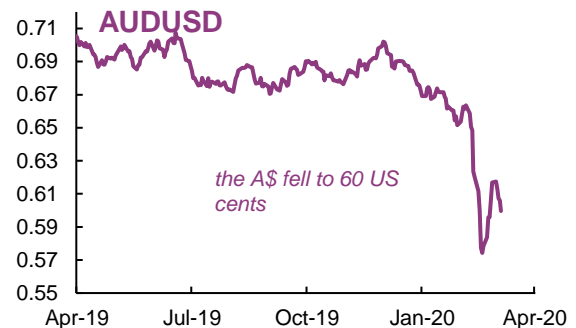
Economic calendar

Monday 06/04	
Tuesday 07/04	AU: Trade Balance, Feb AU: RBA Policy Meeting, Apr
Wednesday 08/04	AU: ABS COVID-19 Impact on Business US: FOMC Meeting Minutes, Mar
Thursday 09/04	US: University of Michigan Sentiment, Apr
Friday 10/04	CH: CPI, Mar

The week ahead

- The RBA monetary policy decision for April is announced on Tuesday. Given the forward guidance provided at the previous meeting, that interest rates will remain at 0.25% for 3 years, there is no expected change to policy this week.
- Wuhan will officially end its lockdown period on 8 April. The consequences of removing containment measures will be observed closely

Financial markets charts



Financial markets data: Week ending 3 April 2020

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.25	0	–	-50	▼
90-day BBSW	0.26	-17	▼	-67	▼
3-year Australian Bond Yield	0.24	-2	▼	-67	▼
10-year Australian Bond Yield	0.76	-16	▼	-61	▼
20-year Australian Bond Yield	1.52	-22	▼	-35	▼
10-year Australian Break-Even Inflation	0.61	-2	▼	-80	▼
10-year Australian Real Yield	0.16	-14	▼	19	▲
Fed Funds Rate (lower bound)	0.00	0	–	-150	▼
2-year US Treasury Yield	0.23	-1	▼	-134	▼
10-year US Treasury Yield	0.59	-8	▼	-132	▼
30-year US Treasury Yield	1.21	-5	▼	-118	▼
10-year German Bund Yield	-0.44	3	▲	-26	▼
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
6.00% 1 May 2020	0.47	-1	▼	-47	▼
4.00% 8 April 2021	0.38	-4	▼	-62	▼
6.00% 1 March 2022	0.53	-4	▼	-53	▼
4.00% 20 April 2023	0.65	0	▲	-52	▼
1.00% 8 February 2024	0.79	-3	▼	-49	▼
5.00% 20 August 2024	0.78	-2	▼	-50	▼
4.00% 20 May 2026	1.01	-3	▼	-44	▼
3.00% 20 May 2027	1.16	-8	▼	-41	▼
3.00% 20 March 2028	1.24	-10	▼	-42	▼
3.00% 20 April 2029	1.35	-12	▼	-43	▼
3.00% 20 February 2030	1.47	-12	▼	-37	▼
2.00% 20 March 2031	1.59	-16	▼	-37	▼
2.00% 20 March 2032	1.78	-20	▼	n/a	n/a
2.00% 20 March 2033	1.78	-21	▼	-41	▼
3.75% 20 August 2020 CIB	-0.90	-6	▼	-23	▼
2.75% 20 November 2025 CIB	0.68	0	▲	59	▲
2.50% 20 November 2035 CIB	1.17	-30	▼	45	▲
10-year NSW TCorp Bond Yield	1.50	-10	▼	-34	▼
10-year TCV (Victoria) Spread	-0.05	-3	▼	-4	▼
10-year QTC (Queensland) Spread	0.00	1	▲	-3	▼
Equities	Close	1 Week		YTD	
S&P/ASX 200 (Australia)	5,067	4.6%	▲	-24.2%	▼
S&P 500 (US)	2,489	-2.1%	▼	-23.0%	▼
FTSE 100 (UK)	5,416	-1.7%	▼	-28.2%	▼
DJ Stoxx 600 (Europe)	309	-0.6%	▼	-25.7%	▼
Nikkei 225 (Japan)	17,820	-8.1%	▼	-24.7%	▼
Shanghai Composite (China)	2,764	-0.3%	▼	-9.4%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.600	-2.8%	▼	-14.6%	▼
EUR/USD	1.080	-3.1%	▼	-3.7%	▼
USD/JPY	108.55	0.6%	▲	-0.1%	▼
GBP/USD	1.23	-1.5%	▼	-7.5%	▼
US\$ Index	100.58	2.2%	▲	4.3%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	34.11	36.8%	▲	-48.3%	▼
Iron Ore (US\$/t)	82.20	-6.9%	▼	-10.2%	▼
Coking Coal (US\$/t)	1,328.50	5.3%	▲	10.1%	▲
Gold (US\$/oz)	1,620.81	-0.5%	▼	6.8%	▲

Brian Redican
Chief Economist
brian.redican@tcorp.nsw.gov.au

Dana Rice
Economist
dana.rice@tcorp.nsw.gov.au

This material has been prepared by New South Wales Treasury Corporation ABN 99 095 235 825 (TCorp), a statutory corporation of New South Wales.

This material is of a general nature only and does not take into account your investment objectives, financial situation or needs. This material does not constitute investment advice. It should not be relied upon in determining whether to invest in a TCorpIM Fund. TCorp recommends you seek your own legal and financial advice before proceeding with any investment decision.

While this material has been formulated with all due care, TCorp does not warrant or represent that the material is free from errors or omissions, or that it is exhaustive. TCorp takes no responsibility for the accuracy, adequacy, currency or completeness of any information included in the material provided by third parties. Except where contrary to law, TCorp will not be liable for any loss, damage, cost or expense (whether direct or indirect) incurred by you as a result of the use of, or reliance on, the information contained in this material.

This material is not intended to forecast or predict future events. Past performance is not a guarantee or a reliable indicator of future performance. The material is subject to change without notice and TCorp is not under any obligation to update the information or correct any inaccuracy which may become apparent at a later date.

Unauthorised copying and distribution of this material is prohibited.

© New South Wales Treasury Corporation 2020. All rights reserved.

About New South Wales Treasury Corporation (TCorp)

TCorp provides best-in-class investment management, financial management, solutions and advice to the New South Wales (NSW) public sector. With over A\$108 billion of funds under management, TCorp is a top five Australian investment manager and is the central borrowing authority of the state of NSW, with a balance sheet of A\$82 billion.

TCorp

Level 7, Deutsche Bank Place,
126 Phillip Street, Sydney, NSW 2000

Tel: +61 2 9325 9325

www.tcorp.nsw.gov.au

www.linkedin.com/company/tcorp-nswtreasurycorporation/

