

## The week that was

- Markets continued to adopt an optimistic perspective on the ability of economies to rebound from the COVID-19 shutdowns despite an alarming rise in cases in the US and an uptick in cases in Victoria.
- This optimism was reflected in further gains in equity markets, with the US market rising by 4% and Australian shares increasing by 2.6%. The standout performer last week, however, was the Chinese equity market which leapt by 5.8%.
- The Chinese market was supported by firmer economic data with the Caixin services PMI index rising to 58.1, well above the 50 threshold that points to stable output.
- In the US, the focus was on the labour market, with the number of jobs rising by 4.8 million in June, albeit employment is still around 15 million lower than it was at the start of the year. More worrisome, however, was news that a further 1.4 million Americans sought unemployment benefits for the first time last week, with those States which are experiencing rapid COVID-19 case growth also reporting weaker labour market conditions.

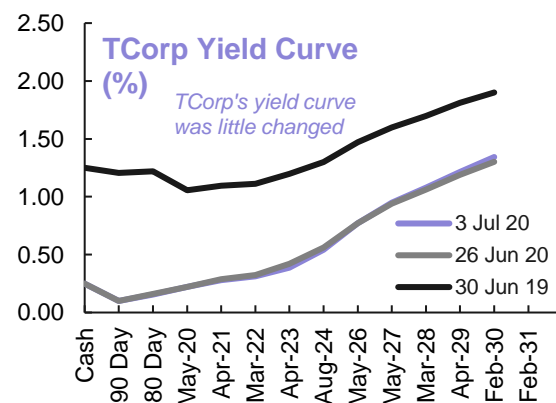
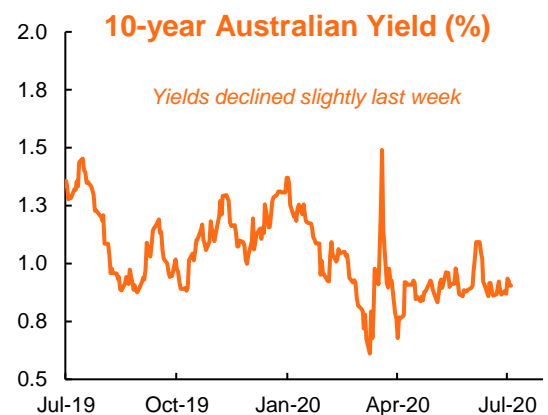
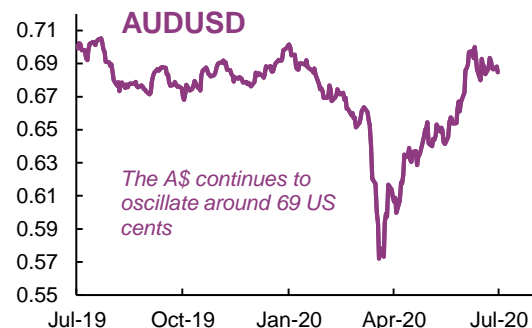
## Economic calendar

<b>Monday</b> 6/07	US: Non-manufacturing ISM, Jun
<b>Tuesday</b> 7/07	AU: RBA Monetary policy meeting
<b>Wednesday</b> 8/07	
<b>Thursday</b> 9/07	US: Initial jobless claims CH: Consumer price inflation, Jun AU: Home loan approvals, May
<b>Friday</b> 10/07	US: Producer prices, Jun

## The week ahead

- The economic calendar is relatively sparse this week which suggests that markets will be driven mainly by news events including COVID-19 case numbers, anecdotes from companies about how they are faring with disrupted demand patterns and any developments regarding a vaccine or treatment for COVID-19.
- In Australia, the Reserve Bank of Australia will hold its monthly monetary policy meeting but is not expected to announce any change to policy. Over the last month or so, RBA officials have become slightly more optimistic about the economic outlook given Australia's good performance in dealing with COVID-19 although this optimism may now be tempered by recent developments in Victoria,

## Financial markets charts



## Financial markets data: Week ending 3 July 2020

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.25	0	—	-50	▼
90-day BBSW	0.10	0	—	-82	▼
3-year Australian Bond Yield	0.26	1	▲	-65	▼
10-year Australian Bond Yield	0.90	4	▲	-47	▼
20-year Australian Bond Yield	1.67	9	▲	-20	▼
10-year Australian Break-Even Inflation	1.10	5	▲	-31	▼
10-year Australian Real Yield	-0.19	-1	▼	-16	▼
Fed Funds Rate (lower bound)	0.00	0	—	-150	▼
2-year US Treasury Yield	0.15	-1	▼	-142	▼
10-year US Treasury Yield	0.67	3	▲	-125	▼
30-year US Treasury Yield	1.43	6	▲	-96	▼
10-year German Bund Yield	-0.43	5	▲	-25	▼
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 8 April 2021	0.28	-1	▼	-72	▼
6.00% 1 March 2022	0.31	-1	▼	-75	▼
4.00% 20 April 2023	0.39	-3	▼	-78	▼
1.00% 8 February 2024	0.51	-2	▼	-77	▼
5.00% 20 August 2024	0.54	-2	▼	-74	▼
4.00% 20 May 2026	0.77	0	▼	-68	▼
3.00% 20 May 2027	0.95	1	▲	-63	▼
3.00% 20 March 2028	1.08	2	▲	-59	▼
3.00% 20 April 2029	1.22	3	▲	-56	▼
3.00% 20 February 2030	1.34	4	▲	-50	▼
2.00% 20 March 2031	1.48	4	▲	-48	▼
2.00% 20 March 2032	1.71	3	▲	n/a	n/a
2.00% 20 March 2033	1.79	4	▲	-40	▼
3.75% 20 August 2020 CIB	0.15	5	▲	82	▲
2.75% 20 November 2025 CIB	0.20	-3	▼	11	▲
2.50% 20 November 2035 CIB	0.69	-1	▼	n/a	n/a
10-year NSW TCorp Bond Yield	1.37	2	▲	-47	▼
10-year TCV (Victoria) Spread	-0.08	1	▲	-6	▼
10-year QTC (Queensland) Spread	-0.01	1	▲	-4	▼
Equities	Close	1 Week		YTD	
S&P/ASX 200 (Australia)	6,058	2.6%	▲	-9.4%	▼
S&P 500 (US)	3,130	4.0%	▲	-3.1%	▼
FTSE 100 (UK)	6,157	0.0%	▼	-18.4%	▼
DJ Stoxx 600 (Europe)	365	2.0%	▲	-12.1%	▼
Nikkei 225 (Japan)	22,306	-0.9%	▼	-5.7%	▼
Shanghai Composite (China)	3,153	5.8%	▲	3.4%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.694	1.1%	▲	-1.0%	▼
EUR/USD	1.125	0.3%	▲	0.3%	▲
USD/JPY	107.51	0.3%	▲	-0.9%	▼
GBP/USD	1.25	1.2%	▲	-5.3%	▼
US\$ Index	97.17	-0.3%	▼	0.8%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	42.80	4.3%	▲	-35.2%	▼
Iron Ore (US\$/t)	99.73	-3.2%	▼	9.0%	▲
Coking Coal (US\$/t)	1,255.00	0.8%	▲	4.0%	▲
Gold (US\$/oz)	1,772.05	0.0%	▲	16.8%	▲

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