

The week that was

- Ongoing evidence of hot inflationary pressures, as well as a mounting, aggressive response from central banks globally remained the key catalysts for markets. Calls for a sharp global slowdown, and a US recession grew.
- The Reserve Bank of Australia (RBA) delivered a hawkish surprise with a 50bps rate hike, taking the cash rate to 0.85%. This signalled the RBA's intent to front-load hikes to get ahead of inflation and expectations.
- US consumer price growth was rapid in May. The CPI accelerated to 8.6% year-on-year, gaining 1.0% month-on-month, suggesting inflation has not yet peaked. Price gains were broad based.
- Bond yields jumped higher. The US 10-year yield gained 22bps, to 3.16%. US 2-year yields were up 41bps, to 3.06%, with the yield curve flattening as a result. Australian 10-year yields rose 19bps, to 3.67%. TCorp's 10-year yield lifted 19bps, to 4.10%.
- Equities slid – the US S&P500 slumped 5.1%, the European Stoxx600 lost 3.9% and the ASX200 fell 4.2%. The Shanghai Composite rose 2.8%, on expectations for more supportive policy. The Australian dollar fell 2.1%, to US\$0.706 as risk appetite waned.

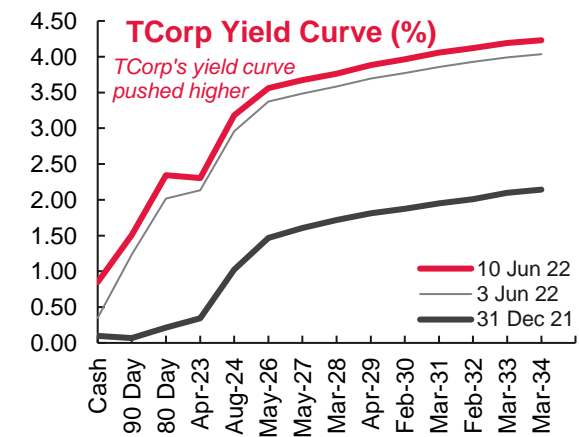
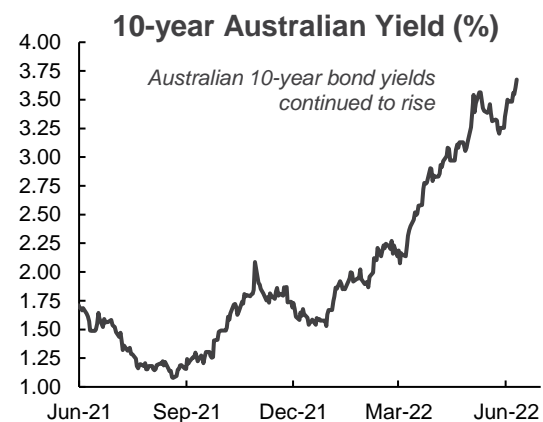
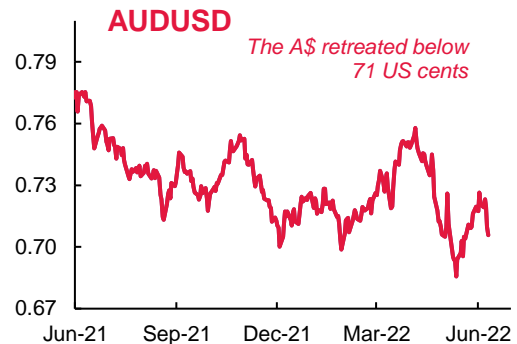
Economic calendar

Tuesday 14/06	AU: CBA Household Spending, May, NAB Business Survey, May US: NFIB Business Survey, May, PPI, May
Wednesday 15/06	AU: Westpac Consumer Survey, Jun CH: Industrial production, May, Retail sales, May, Fixed asset investment, May, Jobless rate, May US: Retail sales, May
Thursday 16/06	AU: Employment, May EU: ECB President Lagarde speech CH: New home prices, May UK: Bank of England rate decision US: FOMC rate decision, Business inventories, May, NAHB housing index, Jun, Building permits, May, Housing starts, May
Friday 17/06	JP: Bank of Japan rate decision US: Industrial production, May

The week ahead

- The US Federal Reserve rate decision will be the centrepiece for markets and analysts which have grown increasingly hawkish on the Fed, with 50bps hikes at the next 2 meetings widely expected. The Bank of England decision due the same day should also reinforce the increasingly tight global policy landscape, with a hike of at least 25bps expected.

Financial markets charts



Financial markets data: Week ending 10 June 2022

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.85	50	▲	75	▲
90-day BBSW	1.51	27	▲	144	▲
3-year Australian Bond Yield	3.12	17	▲	221	▲
10-year Australian Bond Yield	3.67	19	▲	200	▲
20-year Australian Bond Yield	3.97	18	▲	170	▲
10-year Australian Break-Even Inflation	2.45	1	▲	17	▲
10-year Australian Real Yield	1.23	18	▲	183	▲
Fed Funds Rate (lower bound)	0.75	0	—	75	▲
2-year US Treasury Yield	3.06	41	▲	233	▲
10-year US Treasury Yield	3.16	22	▲	165	▲
30-year US Treasury Yield	3.19	11	▲	129	▲
10-year German Bund Yield	1.52	24	▲	169	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 20 April 2023	2.31	17	▲	196	▲
1.00% 8 February 2024	3.03	28	▲	220	▲
5.00% 20 August 2024	3.18	23	▲	216	▲
1.25% 20 March 2025	3.32	17	▲	210	▲
4.00% 20 May 2026	3.56	19	▲	210	▲
3.00% 20 May 2027	3.67	19	▲	207	▲
3.00% 20 March 2028	3.76	18	▲	205	▲
3.00% 20 April 2029	3.88	19	▲	207	▲
3.00% 20 February 2030	3.96	19	▲	209	▲
2.00% 20 March 2031	4.06	20	▲	210	▲
1.50% 20 February 2032	4.12	19	▲	211	▲
2.00% 8 March 2033	4.19	20	▲	210	▲
3.50% 20 March 2034	4.23	20	▲	209	▲
2.75% 20 November 2025 CIB	-0.04	8	▲	99	▲
2.50% 20 November 2035 CIB	1.80	18	▲	177	▲
10-year NSW TCorp Bond Yield	4.10	19	▲	212	▲
10-year TCV (Victoria) Spread	0.03	0	▼	-1	▼
10-year QTC (Queensland) Spread	-0.02	0	▼	-3	▼
Equities	Close	1 Week		YTD	
S&P/ASX 200 (Australia)	6,932	-4.2%	▼	-6.9%	▼
S&P 500 (US)	3,901	-5.1%	▼	-18.2%	▼
FTSE 100 (UK)	7,318	-2.9%	▼	-0.9%	▼
DJ Stoxx 600 (Europe)	423	-3.9%	▼	-13.3%	▼
Nikkei 225 (Japan)	27,824	0.2%	▲	-3.4%	▼
Shanghai Composite (China)	3,285	2.8%	▲	-9.8%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.706	-2.1%	▼	-2.8%	▼
EUR/USD	1.052	-1.9%	▼	-7.5%	▼
USD/JPY	134.41	2.7%	▲	16.8%	▲
GBP/USD	1.23	-1.4%	▼	-9.0%	▼
US\$ Index	104.15	2.0%	▲	8.9%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	122.01	1.9%	▲	56.9%	▲
Iron Ore (US\$/t)	139.70	-2.1%	▼	15.4%	▲
Coking Coal (US\$/t)	3,013.50	4.6%	▲	46.7%	▲
Gold (US\$/oz)	1,871.60	1.1%	▲	2.3%	▲

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