

The week that was

- Inflation fears intensified while economic data releases largely continued to show resilience in the major economies, though with some downside surprises. Risk appetite was consequently patchy.
- For Australia, the Q1 GDP release showed activity expanded a solid 0.8% quarter-on-quarter, underpinned by strong consumption and an uptick in capex. Private sector credit data for April was also firm, though building approvals fell.
- US economic releases were more mixed. The ISM manufacturing index was robust, rising to 56.1 in May. Payrolls grew 390,000 in May, ahead of expectations. At the same time, vehicle sales slid to an annualised pace of 12.68mn in May from 14.29mn, and consumer confidence also declined.
- Bond yields rose across the board. The US 10-year yield gained 20bps, to 2.93%. US 2-year yields were also up 18bps, to 2.65%. Australian 10-year yields rose 23bps, to 3.48%. TCorp's 10-year yield lifted 26bps, to 3.91%.
- Equities were mixed. The US S&P500 dropped 1.2%, the European Stoxx600 fell 0.9%. However, the ASX200 was up 0.8%, and the Shanghai Composite rallied, up 2.1% on positive China news.
- The Australian dollar rose 0.6% to US\$0.721.

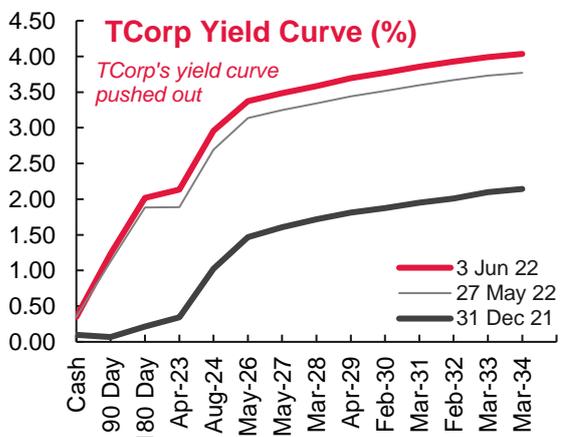
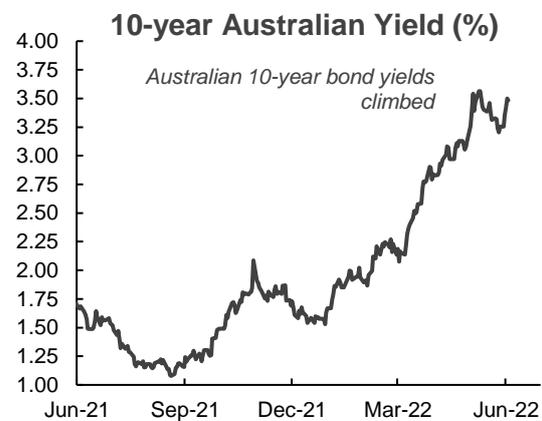
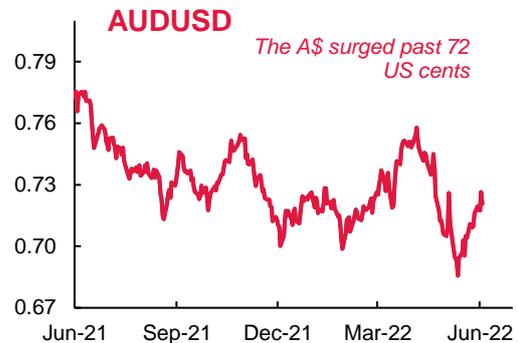
Economic calendar

Monday 06/06	AU: ANZ Job ads, May CH: Caixin China Services PMI, Composite PMI, May
Tuesday 07/06	AU: RBA rate decision, June, Foreign reserves, May US: Trade balance, Apr
Wednesday 08/06	US: Consumer credit, Apr
Thursday 09/06	CH: Trade balance, May EU: ECB rate decision, June US: Wholesale trade, Apr
Friday 10/06	CH: CPI, May, PPI, May UK: Bank of England inflation attitudes survey, Jun US: CPI, May, Real earnings, May, University of Michigan consumer survey, Jun

The week ahead

- Rate decisions from the Reserve Bank of Australia (RBA) and the European Central Bank (ECB) will be key focal points. Analysts expect the RBA to hike by 40bps and for the ECB to hold fire one final time.
- In a global environment of tighter policy, US CPI data will also move markets, as will the China PMIs.

Financial markets charts



Financial markets data: Week ending 03 June 2022

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.35	0	–	25	▲
90-day BBSW	1.24	11	▲	117	▲
3-year Australian Bond Yield	2.95	20	▲	204	▲
10-year Australian Bond Yield	3.48	23	▲	181	▲
20-year Australian Bond Yield	3.80	20	▲	153	▲
10-year Australian Break-Even Inflation	2.43	2	▲	16	▲
10-year Australian Real Yield	1.05	21	▲	165	▲
Fed Funds Rate (lower bound)	0.75	0	–	75	▲
2-year US Treasury Yield	2.65	18	▲	192	▲
10-year US Treasury Yield	2.93	20	▲	142	▲
30-year US Treasury Yield	3.09	12	▲	118	▲
10-year German Bund Yield	1.27	31	▲	145	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 20 April 2023	2.14	25	▲	179	▲
1.00% 8 February 2024	2.75	27	▲	192	▲
5.00% 20 August 2024	2.96	26	▲	193	▲
1.25% 20 March 2025	3.15	22	▲	192	▲
4.00% 20 May 2026	3.37	24	▲	191	▲
3.00% 20 May 2027	3.49	24	▲	188	▲
3.00% 20 March 2028	3.58	24	▲	187	▲
3.00% 20 April 2029	3.70	25	▲	189	▲
3.00% 20 February 2030	3.77	26	▲	190	▲
2.00% 20 March 2031	3.86	26	▲	191	▲
1.50% 20 February 2032	3.93	26	▲	192	▲
2.00% 8 March 2033	3.99	26	▲	189	▲
3.50% 20 March 2034	4.04	27	▲	189	▲
2.75% 20 November 2025 CIB	-0.12	6	▲	92	▲
2.50% 20 November 2035 CIB	1.62	19	▲	159	▲
10-year NSW TCorp Bond Yield	3.91	26	▲	194	▲
10-year TCV (Victoria) Spread	0.04	1	▲	0	▼
10-year QTC (Queensland) Spread	-0.02	-1	▼	-3	▼
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	7,239	0.8%	▲	-2.8%	▼
S&P500 (US)	4,109	-1.2%	▼	-13.8%	▼
FTSE 100 (UK)	7,533	-0.7%	▼	2.0%	▲
DJ Stoxx600 (Europe)	440	-0.9%	▼	-9.8%	▼
Nikkei 225 (Japan)	27,762	3.7%	▲	-3.6%	▼
Shanghai Composite (China)	3,195	2.1%	▲	-12.2%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.721	0.6%	▲	-0.8%	▼
EUR/USD	1.072	-0.1%	▼	-5.7%	▼
USD/JPY	130.88	3.0%	▲	13.7%	▲
GBP/USD	1.25	-1.1%	▼	-7.7%	▼
US\$ Index	102.14	0.5%	▲	6.8%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	119.72	0.2%	▲	53.9%	▲
Iron Ore (US\$/t)	142.70	7.2%	▲	17.9%	▲
Coking Coal (US\$/t)	2,881.50	-6.6%	▼	40.3%	▲
Gold (US\$/oz)	1,851.19	-0.1%	▼	1.2%	▲

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