

Financial markets charts

The week that was

- Softer US economic data and a patient US central bank combined last week to drive bond yields sharply lower. This in turn, underpinned a strong rebound in global share markets.
- Following a string of robust employment reports, US jobs growth was weaker-than-expected in October as the unemployment rate rose to 3.9%. This followed softer business surveys from the manufacturing and service sectors, suggesting that the US Federal Reserve's rate hikes are finally gaining traction.
- The Fed decided to keep rates on hold at its policy meeting last week and indicated that it was hopeful that it had tightened sufficiently but also that it couldn't rule out another rate hike.
- This, however, was sufficient for investors to buy bonds aggressively. The US 10-year bond yield fell by 26bps over the week, while Australian 10-year yields declined by 9bps.
- The US equity market responded by rallying strongly, with the S&P500 gaining 5.9% over the week. The ASX200 rose by 2.2%. The 'risk-on' tone in markets also resulted in a strong rise in the Australian dollar which jumped 2.8% against its US counterpart, to US\$0.651.

Economic calendar

Monday 6/11	JP: Bank of Japan Governor press conference
Tuesday 7/11	AU: RBA policy decision US: Trade balance, Sep CH: Exports, Oct
Wednesday 8/11	EU: German consumer inflation, Oct EU: Retail sales, Sep
Thursday 9/11	US: Fed Chair Powell speech EU: ECB President Lagarde speech
Friday 10/11	US: Consumer sentiment, Nov AU: Statement on Monetary Policy

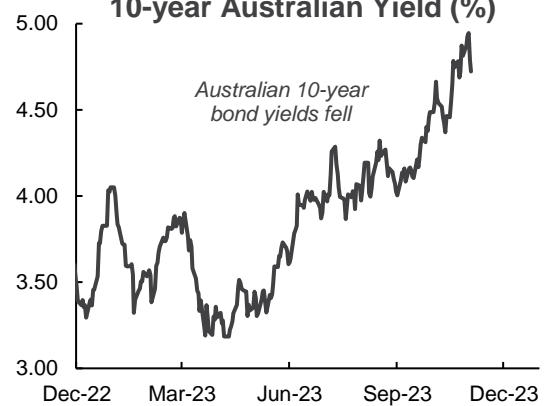
The week ahead

- This week, all eyes will be on the Reserve Bank of Australia's (RBA) November policy meeting (or at least the eyes of the economists that aren't attending the Melbourne Cup).
- There is a strong consensus amongst economists that the RBA will raise rates by 25bps in November following the September quarter inflation report. While market pricing is also consistent with the likelihood of a rate hike, investors are less certain, as it still seems clear that inflation is receding.
- Globally, the main focus will be speeches from the leaders of the central banks of Europe and the US. While markets believe they have probably finished tightening, they are unlikely to confirm that.

AUD/USD



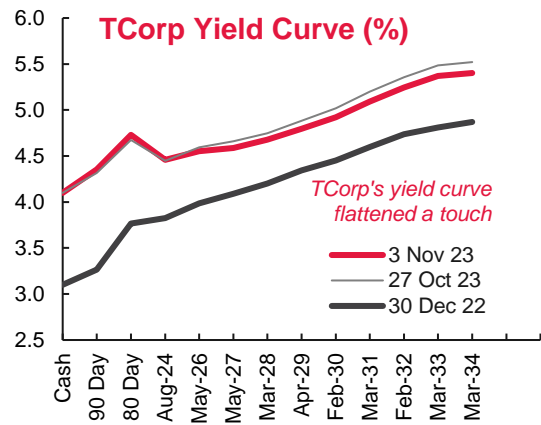
10-year Australian Yield (%)



ASX200 (Index)



TCorp Yield Curve (%)



Financial markets data: Week ending 3 November 2023

INTEREST RATES	CLOSE (%)	1 WEEK (BPS)		YTD (BPS)	
RBA Cash Rate	4.10	0	—	100	▲
90-day BBSW	4.35	4	▲	109	▲
3-year Australian Bond Yield	4.28	-3	▼	77	▲
10-year Australian Bond Yield	4.72	-9	▼	67	▲
20-year Australian Bond Yield	5.03	-11	▼	65	▲
10-year Australian Break-Even Inflation	2.68	0	▲	22	▲
10-year Australian Real Yield	2.04	-9	▼	45	▲
Fed Funds Rate (lower bound)	5.25	0	—	100	▲
2-year US Treasury Yield	4.84	-16	▼	41	▲
10-year US Treasury Yield	4.57	-26	▼	70	▲
30-year US Treasury Yield	4.77	-25	▼	80	▲
10-year German Bund Yield	2.65	-19	▼	7	▲
	4.10	0	—	100	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
1.00% 8 February 2024	4.36	-1	▼	62	▲
5.00% 20 August 2024	4.46	1	▲	63	▲
1.25% 20 March 2025	4.55	-1	▼	70	▲
4.00% 20 May 2026	4.55	-4	▼	57	▲
3.00% 20 May 2027	4.59	-7	▼	50	▲
3.00% 20 March 2028	4.68	-7	▼	48	▲
3.00% 20 April 2029	4.79	-9	▼	45	▲
3.00% 20 February 2030	4.92	-10	▼	47	▲
2.00% 20 March 2031	5.09	-11	▼	49	▲
1.50% 20 February 2032	5.24	-11	▼	51	▲
2.00% 8 March 2033	5.37	-12	▼	56	▲
3.50% 20 March 2034	5.40	-12	▼	53	▲
2.75% 20 November 2025 CIB	1.54	-3	▼	73	▲
2.50% 20 November 2035 CIB	2.74	-11	▼	30	▲
10-year NSW TCorp Bond Yield	5.37	-11	▼	61	▲
10-year TCV (Victoria) Spread	0.06	-2	▼	2	▲
10-year QTC (Queensland) Spread	-0.09	0	—	-3	▼
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	6,978	2.2%	▲	-0.9%	▼
S&P500 (US)	4,358	5.9%	▲	13.5%	▲
FTSE 100 (UK)	7,418	1.7%	▲	-0.5%	▼
DJ Stoxx600 (Europe)	444	3.4%	▲	4.6%	▲
Nikkei 225 (Japan)	31,950	3.1%	▲	22.4%	▲
Shanghai Composite (China)	3,031	0.4%	▲	-1.9%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.651	2.8%	▲	-4.4%	▼
EUR/USD	1.073	1.6%	▲	0.2%	▲
USD/JPY	149.39	-0.2%	▼	13.9%	▲
GBP/USD	1.24	2.1%	▲	2.5%	▲
US\$ Index	105.02	-1.4%	▼	1.4%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	84.89	-6.2%	▼	-1.2%	▼
Iron Ore (US\$/t)	125.39	5.5%	▲	12.7%	▲
Coking Coal (US\$/t)	277.15	15.2%	▲	-23.1%	▼
Gold (US\$/oz)	1,992.65	-0.7%	▼	9.2%	▲

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

Emily Perry
Senior Economist
emily.perry@tcorp.nsw.gov.au



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

T +61 2 9325 9325

W www.tcorp.nsw.gov.au

ABN 99 235 825

Disclaimer

The opinions, forecasts and data contained in this report is based on the research of TCorp as at the date of publication and is subject to change without notice. TCorp is not responsible for the accuracy, adequacy, currency or completeness of any information in the report provided by third parties. This report is provided for general information purposes only and should not be relied upon for investment or trading purposes. This report is not intended to forecast or predict future events.

Unauthorised copying and distribution of this material is prohibited.

© New South Wales Treasury Corporation 2023. 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 A\$107 billion of assets under management, TCorp is a top 10 Australian investment manager and is the central borrowing authority of the state of NSW, with a balance sheet of A\$158 billion. It is rated Aaa (Stable) by Moody's, AAA (Stable) by Fitch, and AA+ (Stable) by S&P.