

## The week that was

- Markets remain very choppy at the moment as mixed economic data and unexpected events, such as US President Trump contracting COVID-19, perplex investors. In the end, the Australian and Japanese share markets closed lower, while the US and European stock markets closed higher, as did most bond yields and the A\$.
- In the US, the ISM manufacturing survey was a little weaker than expected in September but still suggested the sector was recovering at a solid pace. US employment was also weaker than expected although the unemployment rate dropped to 7.9% because fewer people were actively seeking jobs than expected.
- In Australia, building approvals data pointed to solid demand for detached houses but not for high-rise apartments. Retail sales also fell by 4% in August.
- While Australian stocks closed down 2.9% for the week, they rebounded on Monday by 2.6%. US stocks rose 1.5% last week, while European equities leapt 2%. Australian 10-year bond yields rose 3bps to 0.83%.

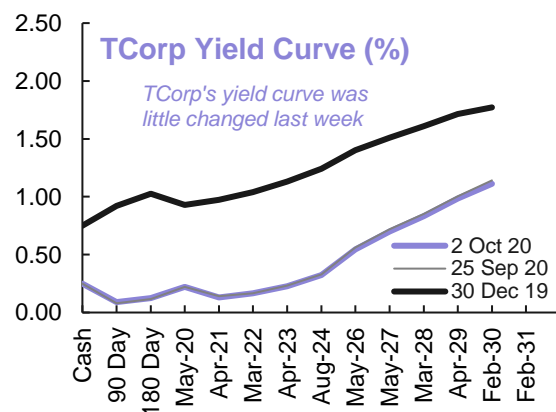
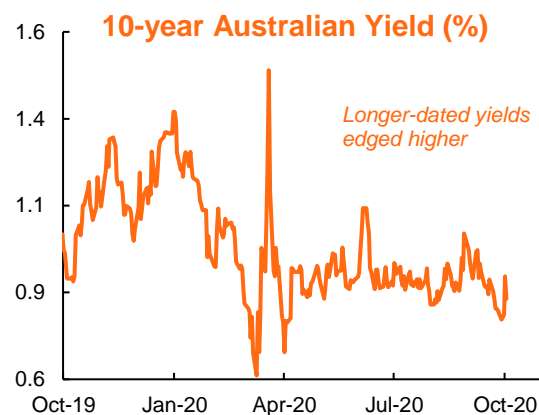
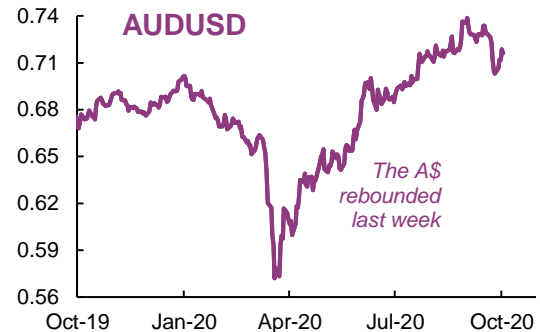
## Economic calendar

<b>Monday</b> 5/10	US: ISM Services sector survey, Sep
<b>Tuesday</b> 6/10	EU: Retail sales, Aug
<b>Wednesday</b> 7/10	AU: Commonwealth Budget
<b>Thursday</b> 8/10	AU: RBA Board meeting
<b>Friday</b> 9/10	AU: AIG Services PMI, Aug
	US: FOMC minutes
	US: Initial jobless claims
	CH: Caixin Services PMI, Sep
	AU: Home lending, Aug

## The week ahead

- In Australia, investors will focus on the Commonwealth budget. This will reveal a record peace-time budget deficit with increased infrastructure spending and a bring-forward of personal income tax cuts already announced by the Government. The Reserve Bank of Australia will also conduct its monthly Board meeting and while some market economists thought they might ease monetary policy further in a 'Team Australia' moment, recent media commentary suggest that will come at the November Board meeting at the earliest.
- Globally, US political developments will feature prominently. The health of US President Trump, shifts in polling following the first Presidential Election Debate and any progress on a third fiscal stimulus bill will be uppermost on investors' minds. In terms of economic events, the release of the US central bank's policy meeting minutes and the Chinese services PMI will be the highlights.

## Financial markets charts



## Financial markets data: Week ending 2 October 2020

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.25	0	—	-50	▼
90-day BBSW	0.09	1	▲	-83	▼
3-year Australian Bond Yield	0.16	0	▲	-74	▼
10-year Australian Bond Yield	0.83	3	▲	-54	▼
20-year Australian Bond Yield	1.51	-1	▼	-36	▼
10-year Australian Break-Even Inflation	1.35	9	▲	-6	▼
10-year Australian Real Yield	-0.52	-6	▼	-48	▼
Fed Funds Rate (lower bound)	0.00	0	—	-150	▼
2-year US Treasury Yield	0.13	0	—	-144	▼
10-year US Treasury Yield	0.70	5	▲	-122	▼
30-year US Treasury Yield	1.49	9	▲	-90	▼
10-year German Bund Yield	-0.54	-1	▼	-35	▼
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 8 April 2021	0.13	-1	▼	-87	▼
6.00% 1 March 2022	0.17	0	▲	-90	▼
4.00% 20 April 2023	0.23	-1	▼	-94	▼
1.00% 8 February 2024	0.30	-1	▼	-98	▼
5.00% 20 August 2024	0.32	-1	▼	-96	▼
4.00% 20 May 2026	0.54	-2	▼	-91	▼
3.00% 20 May 2027	0.70	-2	▼	-87	▼
3.00% 20 March 2028	0.83	-2	▼	-84	▼
3.00% 20 April 2029	0.99	-2	▼	-79	▼
3.00% 20 February 2030	1.11	-3	▼	-73	▼
2.00% 20 March 2031	1.27	-2	▼	-69	▼
2.00% 20 March 2032	1.47	-1	▼	n/a	n/a
2.00% 20 March 2033	1.59	-1	▼	-60	▼
3.75% 20 August 2020 CIB	1.84	-1	▼	254	▲
2.75% 20 November 2025 CIB	-0.33	-12	▼	-42	▼
2.50% 20 November 2035 CIB	0.40	0	—	n/a	n/a
10-year NSW TCorp Bond Yield	1.23	-2	▼	-61	▼
10-year TCV (Victoria) Spread	-0.01	1	▲	0	▲
10-year QTC (Queensland) Spread	-0.02	-1	▼	-5	▼
Equities	Close	1 Week		YTD	
S&P/ASX 200 (Australia)	5,792	-2.9%	▼	-13.4%	▼
S&P 500 (US)	3,348	1.5%	▲	3.6%	▲
FTSE 100 (UK)	5,902	1.0%	▲	-21.7%	▼
Euro Stoxx 600 (Europe)	363	2.0%	▲	-12.8%	▼
Nikkei 225 (Japan)	23,030	-0.8%	▼	-2.6%	▼
Shanghai Composite (China)	3,218	0.0%	▼	5.5%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.716	1.8%	▲	2.2%	▲
EUR/USD	1.172	0.7%	▲	4.4%	▲
USD/JPY	105.29	-0.3%	▼	-3.0%	▼
GBP/USD	1.29	1.5%	▲	-1.8%	▼
US\$ Index	93.84	-0.8%	▼	-2.6%	▼
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	39.27	-6.3%	▼	-40.5%	▼
Iron Ore (US\$/t)	120.31	-2.5%	▼	31.4%	▲
Coking Coal (US\$/t)	1,315.50	2.5%	▲	9.0%	▲
Gold (US\$/oz)	1,899.84	2.1%	▲	25.2%	▲

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