

Weekly Economic Report

06 September 2021

The week that was

- Financial markets extended their positive tone. Investors took confidence from US Federal Reserve Chair Powell's speech at its Jackson Hole conference. His effort to separate a forthcoming expected tapering in the Fed's asset purchases, from subsequent rate hikes, was well-received.
- Economic data was mixed. The US payrolls report missed expectations by a wide margin for August, with 235,000 jobs added, down from 1,053,000 in July. In Australia, the Q2 GDP report showed GDP grew 0.7%, reflecting solid pre-lockdown activity.
- US 10-year bond yields rose 2bps to 1.32% for the week, while German 10-year yields lifted 6bps to close at -0.36%. Australian 10-year yields were up 3bps, to 1.22%. TCorp's 10-year yield continued to climb, up 7bps to 1.65%.
- Equity markets were largely stronger. The major indices for the US, Australia, China and Japan rose. The ASX200 gained 0.5%, in line with the S&P500. However, European equities softened.
- The Australian dollar extended its recent recovery, up 2.0% for the week to close at US\$0.746.

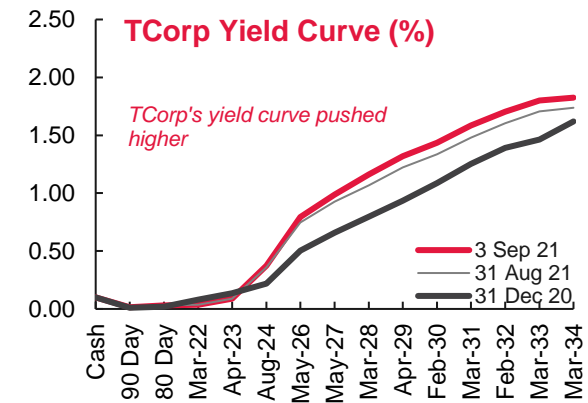
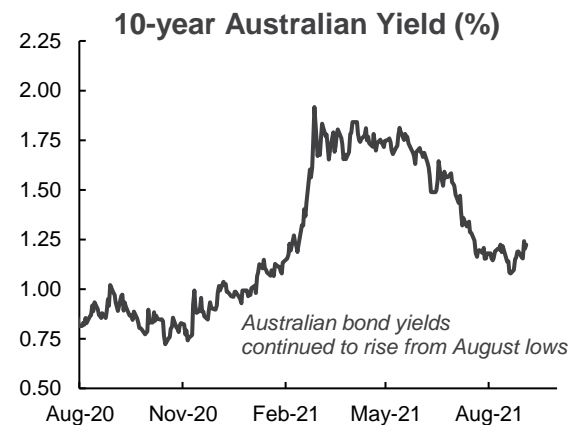
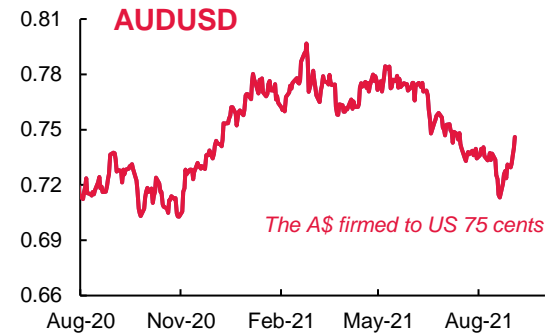
Economic calendar

Monday 06/09	AU: ANZ job advertisements, Aug
Tuesday 07/09	AU: Reserve Bank of Australia monetary policy decision, Sep CH: Trade balance, Aug EC: GDP, Jun qtr
Wednesday 08/09	AU: RBA Deputy Governor Debelle conference speech
Thursday 09/09	AU: RBA Deputy Governor Debelle conference speech EC: European Central Bank monetary policy decision, Sep US: Federal Reserve Beige Book, Sep, JOLTS job openings, Jul
Friday 10/09	CH: Foreign direct investment, Aug EC: European Central Bank Governor Lagarde speech US: PPI, Aug

The week ahead

- It is a big week for monetary policy decisions, with central banks in Australia and the Euro area meeting.
- The Reserve Bank of Australia (RBA) is set to weigh evidence of slowing growth since the lockdowns with prospects for recovery.
- With asset purchase tapering currently flagged to commence this month, RBA communication on this programme will be a focus.

Financial markets charts



Financial markets data: Week ending 03 September 2021

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.10	0	—	0	—
90-day BBSW	0.01	0	▲	0	▲
3-year Australian Bond Yield	0.28	1	▲	17	▲
10-year Australian Bond Yield	1.22	3	▲	25	▲
20-year Australian Bond Yield	1.89	4	▲	18	▲
10-year Australian Break-Even Inflation	2.00	5	▲	24	▲
10-year Australian Real Yield	-0.78	-2	▼	2	▲
Fed Funds Rate (lower bound)	0.00	0	—	0	—
2-year US Treasury Yield	0.21	-1	▼	9	▲
10-year US Treasury Yield	1.32	2	▲	41	▲
30-year US Treasury Yield	1.94	3	▲	30	▲
10-year German Bund Yield	-0.36	6	▲	21	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
6.00% 1 March 2022	0.04	1	▲	-5	▼
4.00% 20 April 2023	0.09	-1	▼	-5	▼
1.00% 8 February 2024	0.25	-3	▼	6	▲
5.00% 20 August 2024	0.37	-2	▼	15	▲
4.00% 20 May 2026	0.79	1	▲	29	▲
3.00% 20 May 2027	0.99	3	▲	33	▲
3.00% 20 March 2028	1.16	7	▲	37	▲
3.00% 20 April 2029	1.32	7	▲	38	▲
3.00% 20 February 2030	1.43	6	▲	35	▲
2.00% 20 March 2031	1.59	7	▲	33	▲
1.50% 20 February 2032	1.70	7	▲	31	▲
2.00% 8 March 2033	1.80	5	▲	34	▲
3.50% 20 March 2034	1.83	6	▲	21	▲
2.75% 20 November 2025 CIB	-1.25	-3	▼	-14	▼
2.50% 20 November 2035 CIB	-0.07	6	▲	2	▲
10-year NSW TCorp Bond Yield	1.65	7	▲	41	▲
10-year TCV (Victoria) Spread	-0.02	0	▼	-4	▼
10-year QTC (Queensland) Spread	-0.05	1	▲	-1	▼
Equities	Close	1 Week		YTD	
S&P/ASX 200 (Australia)	7,523	0.5%	▲	14.2%	▲
S&P 500 (US)	4,535	0.6%	▲	20.7%	▲
FTSE 100 (UK)	7,138	-0.1%	▼	10.5%	▲
DJ Stoxx 600 (Europe)	472	-0.1%	▼	18.3%	▲
Nikkei 225 (Japan)	29,128	5.4%	▲	6.1%	▲
Shanghai Composite (China)	3,582	1.7%	▲	3.1%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.746	2.0%	▲	-3.0%	▼
EUR/USD	1.188	0.7%	▲	-2.8%	▼
USD/JPY	109.71	-0.1%	▼	6.3%	▲
GBP/USD	1.39	0.8%	▲	1.5%	▲
US\$ Index	92.04	-0.7%	▼	2.3%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	72.61	-0.1%	▼	40.2%	▲
Iron Ore (US\$/t)	142.98	-9.3%	▼	-9.7%	▼
Coking Coal (US\$/t)	3,192.50	13.8%	▲	112.8%	▲
Gold (US\$/oz)	1,827.73	0.6%	▲	-3.7%	▼

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