

The week that was

- Global markets continued to take their lead from positive signs for 2021, rather than dwell on risks to the recovery or mixed news about current conditions. Progress on negotiations – including a new fiscal stimulus package for the US economy, vaccine approvals, UK Brexit deals, and OPEC oil production caps – lifted prices of stocks and commodities, the AUD and bond yields.
- In Australia, the economic data prompted some analysts to upgrade their 2021 growth forecasts.
- The US S&P500 rose 1.7% last week and the MSCI World Index, which tracks all world stock markets, hit a record high. Australian stocks rose 0.5%. The iron ore price jumped 14.3% and the A\$ rose 0.5%.
- The TCorp yield curve steepened again, moving in line with Australian Government bond yields.

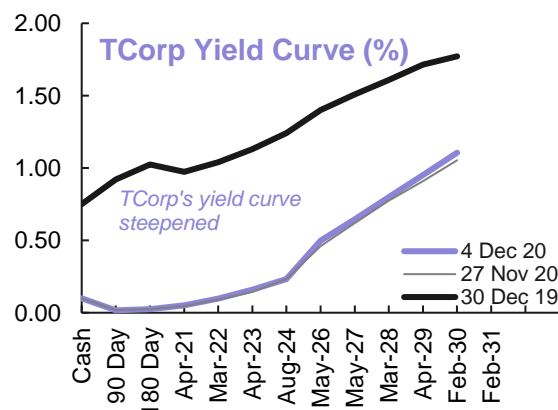
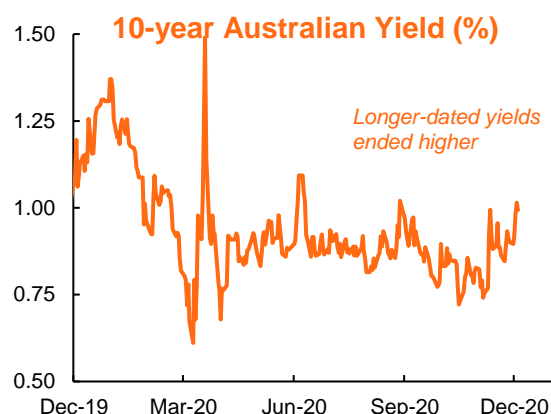
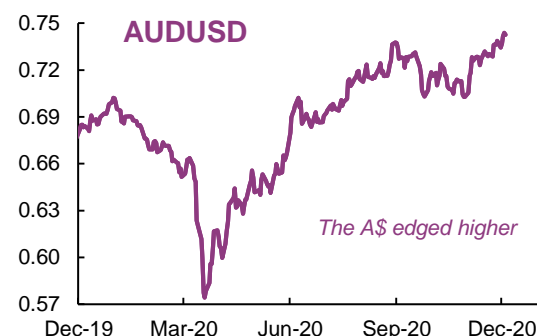
Economic calendar

Monday 7/12	AU: RBA Governor Lowe speech CH: Trade, Nov
Tuesday 8/12	AU: Business conditions, Nov EU: ZEW Economic conditions, Dec
Wednesday 9/12	AU: Consumer confidence, Dec US: Mortgage applications, Dec 4
Thursday 10/12	EU: ECB Monetary policy meeting US: CPI, Nov
Friday 11/12	EU: EU Economic package meeting US: UoM Consumer sentiment, Dec

The week ahead

- The economic calendar is lighter this week.
- Investors will follow progress on the US stimulus package, the authorities approving vaccines, and polling for Round 2 of the US elections – for control of the Senate. CPI is the key US economic release. There are no Fed speeches scheduled, as is always the case in the week before an FOMC meeting.
- The ECB is expected to approve a €500 bn increase in the size of its government bond buying program, and EU leaders meet to decide on a €750 bn Recovery Fund. EU and UK negotiators hope to clinch a post-Brexit trade deal this week.
- Chinese trade data are expected to show continued strength in the Chinese economy.
- Domestically, the focus will be on the surveys of business and consumer confidence, to see if they add weight to other recent data pointing to a strong, 'V-shaped' economic recovery. Governor Lowe's speech on payments innovation could generate some headlines if he covers the controversial topic of central bank digital currencies.

Financial markets charts



Financial markets data: Week ending 4 December 2020

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.10	0	—	-65	▼
90-day BBSW	0.02	0	▼	-91	▼
3-year Australian Bond Yield	0.13	2	▲	-78	▼
10-year Australian Bond Yield	0.99	9	▲	-38	▼
20-year Australian Bond Yield	1.79	13	▲	-8	▼
10-year Australian Break-Even Inflation	1.71	20	▲	31	▲
10-year Australian Real Yield	-0.72	-11	▼	-68	▼
Fed Funds Rate (lower bound)	0.00	0	—	-150	▼
2-year US Treasury Yield	0.15	0	▼	-142	▼
10-year US Treasury Yield	0.97	13	▲	-95	▼
30-year US Treasury Yield	1.73	16	▲	-66	▼
10-year German Bund Yield	-0.55	4	▲	-36	▼
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 8 April 2021	0.05	0	▲	-95	▼
6.00% 1 March 2022	0.10	1	▲	-96	▼
4.00% 20 April 2023	0.16	2	▲	-101	▼
1.00% 8 February 2024	0.21	0	▼	-107	▼
5.00% 20 August 2024	0.23	0	▲	-105	▼
4.00% 20 May 2026	0.50	4	▲	-96	▼
3.00% 20 May 2027	0.65	3	▲	-93	▼
3.00% 20 March 2028	0.80	2	▲	-87	▼
3.00% 20 April 2029	0.95	4	▲	-83	▼
3.00% 20 February 2030	1.11	5	▲	-74	▼
2.00% 20 March 2031	1.25	5	▲	-71	▼
2.00% 20 March 2032	1.46	7	▲	n/a	n/a
2.00% 20 March 2033	1.60	7	▲	-60	▼
2.75% 20 November 2025 CIB	-0.99	-12	▼	-108	▼
2.50% 20 November 2035 CIB	0.13	0	—	n/a	n/a
10-year NSW TCorp Bond Yield	1.23	5	▲	-61	▼
10-year TCV (Victoria) Spread	0.00	0	▲	1	▲
10-year QTC (Queensland) Spread	-0.03	-1	▼	-6	▼
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	6,634	0.5%	▲	-0.7%	▼
S&P500 (US)	3,699	1.7%	▲	14.5%	▲
FTSE 100 (UK)	6,550	2.9%	▲	-13.2%	▼
DJ Stoxx 600 (Europe)	394	0.2%	▲	-5.2%	▼
Nikkei 225 (Japan)	26,751	0.4%	▲	13.1%	▲
Shanghai Composite (China)	3,445	1.1%	▲	12.9%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.743	0.5%	▲	5.9%	▲
EUR/USD	1.212	1.3%	▲	8.1%	▲
USD/JPY	104.17	0.1%	▲	-4.0%	▼
GBP/USD	1.34	1.0%	▲	2.0%	▲
US\$ Index	90.70	-1.2%	▼	-5.9%	▼
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	49.25	2.2%	▲	-25.4%	▼
Iron Ore (US\$/t)	142.22	14.3%	▲	55.4%	▲
Coking Coal (US\$/t)	1,564.00	7.8%	▲	29.6%	▲
Gold (US\$/oz)	1,838.86	2.9%	▲	21.2%	▲

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