

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.

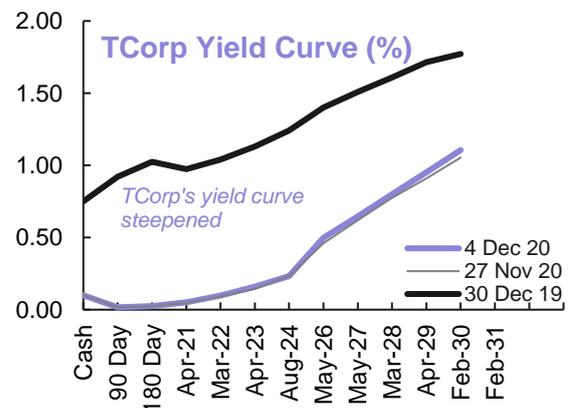
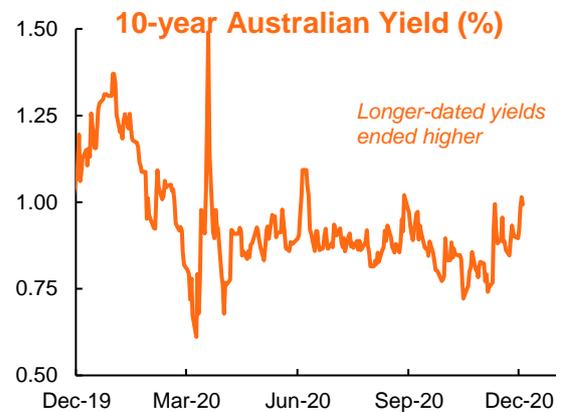
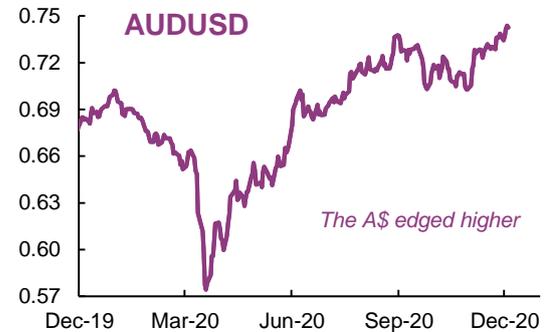
Economic calendar

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%	▲

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

Mike Thomas
Senior Economist
mike.thomas@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 99 095 235 825

This material has been prepared by New South Wales Treasury Corporation ABN 99 095 235 825 (TCorp), a statutory corporation of New South Wales.

This material is of a general nature only and does not take into account your investment objectives, financial situation or needs. This material does not constitute investment advice. It should not be relied upon in determining whether to invest in a TCorpIM Fund. TCorp recommends you seek your own legal and financial advice before proceeding with any investment decision.

While this material has been formulated with all due care, TCorp does not warrant or represent that the material is free from errors or omissions, or that it is exhaustive. TCorp takes no responsibility for the accuracy, adequacy, currency or completeness of any information included in the material provided by third parties. Except where contrary to law, TCorp will not be liable for any loss, damage, cost or expense (whether direct or indirect) incurred by you as a result of the use of, or reliance on, the information contained in this material.

This material is not intended to forecast or predict future events. Past performance is not a guarantee or a reliable indicator of future performance. The material is subject to change without notice and TCorp is not under any obligation to update the information or correct any inaccuracy which may become apparent at a later date.

Unauthorised copying and distribution of this material is prohibited.

© New South Wales Treasury Corporation 2020. 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\$100 billion of assets under management, TCorp is a top five Australian investment manager and is the central borrowing authority of the state of NSW, with a balance sheet of A\$112 billion. It is rated AAA by S&P and Aaa by Moody's.