

The week that was

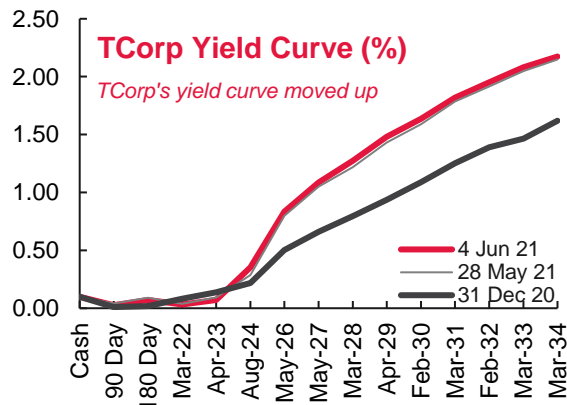
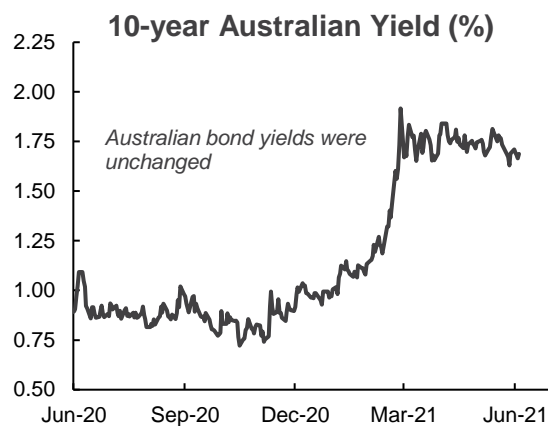
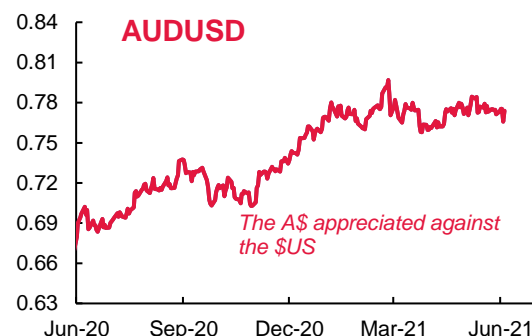
- Globally, investor sentiment continued to swing between optimism about the recovery and concern about inflation pressures. International data showed strong manufacturing activity in many economies, accelerating services activity, rising house prices and a (likely) transitory lift in inflation pressures. Domestic data showed the Australian economy was enjoying a broad-based upswing.
- Stock markets posted gains for the week, with new highs recorded in Australia and Europe. The US S&P500 gained 0.6%, the Euro Stoxx600 added 0.8% and the ASX200 rose 1.6%.
- Bond yields were little changed until the end of the week, when news of slower than expected US jobs growth saw them fall. US 10-year bond yields fell 4bps to 1.55%. Australian markets closed before the rally, so the November 31 bond yield remained at 1.69%. TCorp's bond yields ended the week 2-3bps higher along the length of yield curve.
- The Commodity Research Bureau (CRB) Index of commodity prices added 2.2%. Brent oil rose 3.2% to almost US\$72 per barrel. Iron ore remained above US\$205 per tonne, adding 0.3%. The Australian dollar appreciated 0.4% against the USD, ending at US\$0.774.

Economic calendar

Monday 7/6	AU: ANZ Job ads, May CH: Trade balance, May
Tuesday 8/6	AU: NAB business survey, May US: Trade balance, Apr
Wednesday 9/6	AU: Westpac consumer sentiment, Jun AU: RBA's Kent speech
Thursday 10/6	EU: ECB monetary policy meeting US: US CPI, May
Friday 11/6	US: Consumer sentiment, Jun

The week ahead

- The economic events schedule is sparse this week. In Australia, the NAB business survey and Westpac consumer survey will provide information on how the Budget and the Melbourne lockdown are affecting confidence and conditions. Reserve Bank of Australia Assistant Governor Kent will speak about financial market conditions at a debt markets conference.
- Internationally, the focus on inflation pressures elevates the importance of the US CPI report. Chinese inflation indicators will also be released. Central bank meetings in the Eurozone and Canada may discuss tweaking bond purchase programmes to account for the improving economic conditions, but are not expected to produce major changes to the banks' monetary policy settings.



Financial markets data: Week ending 4 June 2021

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.10	0	—	0	—
90-day BBSW	0.03	-1	▼	2	▲
3-year Australian Bond Yield	0.31	3	▲	20	▲
10-year Australian Bond Yield	1.69	0	▼	72	▲
20-year Australian Bond Yield	2.38	0	▲	67	▲
10-year Australian Break-Even Inflation	2.14	-3	▼	37	▲
10-year Australian Real Yield	-0.45	3	▲	35	▲
Fed Funds Rate (lower bound)	0.00	0	—	0	—
2-year US Treasury Yield	0.14	0	▲	2	▲
10-year US Treasury Yield	1.55	-4	▼	64	▲
30-year US Treasury Yield	2.23	-5	▼	59	▲
10-year German Bund Yield	-0.21	-3	▼	36	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
6.00% 1 March 2022	0.03	0	▼	-5	▼
4.00% 20 April 2023	0.07	-2	▼	-6	▼
1.00% 8 February 2024	0.26	2	▲	6	▲
5.00% 20 August 2024	0.35	7	▲	13	▲
4.00% 20 May 2026	0.83	4	▲	33	▲
3.00% 20 May 2027	1.09	4	▲	43	▲
3.00% 20 March 2028	1.27	5	▲	48	▲
3.00% 20 April 2029	1.48	5	▲	55	▲
3.00% 20 February 2030	1.64	5	▲	55	▲
2.00% 20 March 2031	1.82	3	▲	57	▲
1.50% 20 February 2032	1.95	4	▲	56	▲
2.00% 8 March 2033	2.08	3	▲	62	▲
2.75% 20 November 2025 CIB	-1.38	3	▲	-27	▼
2.50% 20 November 2035 CIB	0.26	6	▲	35	▲
10-year NSW TCorp Bond Yield	1.85	3	▲	61	▲
10-year TCV (Victoria) Spread	0.00	1	▲	-2	▼
10-year QTC (Queensland) Spread	0.00	0	▲	4	▲
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	7,295	1.6%	▲	10.8%	▲
S&P500 (US)	4,230	0.6%	▲	12.6%	▲
FTSE 100 (UK)	7,069	0.7%	▲	9.4%	▲
DJ Stoxx 600 (Europe)	453	0.8%	▲	13.4%	▲
Nikkei 225 (Japan)	28,942	-0.7%	▼	5.5%	▲
Shanghai Composite (China)	3,592	-0.2%	▼	3.4%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.774	0.4%	▲	0.6%	▲
EUR/USD	1.217	-0.2%	▼	-0.4%	▼
USD/JPY	109.52	-0.3%	▼	6.1%	▲
GBP/USD	1.42	-0.2%	▼	3.6%	▲
US\$ Index	90.14	0.1%	▲	0.2%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	71.89	3.2%	▲	38.8%	▲
Iron Ore (US\$/t)	205.62	0.3%	▲	31.9%	▲
Coking Coal (US\$/t)	1,610.50	-1.0%	▼	7.3%	▲
Gold (US\$/oz)	1,891.59	-0.6%	▼	-0.4%	▼

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