

Financial markets charts

The week that was

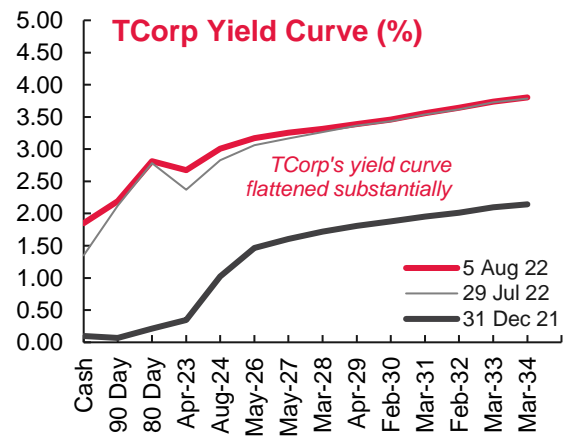
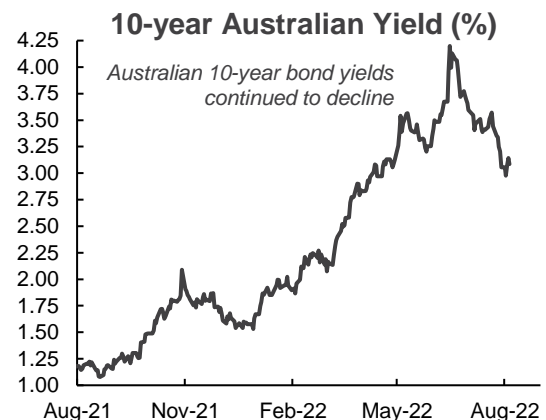
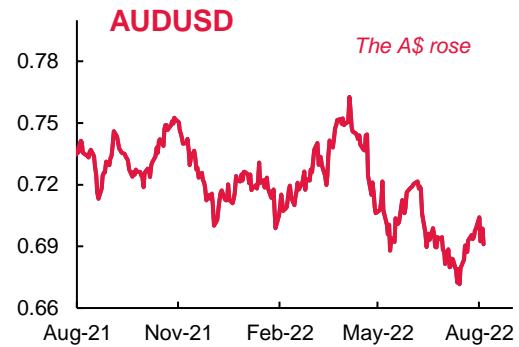
- The Reserve Bank of Australia (RBA) raised its key policy rate by 50bps to 1.85%, as expected. While the RBA did suggest that further rate hikes are likely, they did raise the possibility that the pace of rate increases may slow and this limited the rise in Australian bond yields, at least for longer-dated securities.
- Australian 10-year bond yields increased by 3bps to 3.1%. In contrast, US 10-year yields rose sharply, up 18bps to 2.83%, reflecting a much stronger-than-expected US jobs report. This pointed to strong employment, lower unemployment and faster wages growth.
- Most equity markets recorded modest movements. European equities fell by 0.6% and Chinese stocks declined 0.8%. On the other hand, US equities rose 0.4% and UK shares edged up by 0.2%. The increase in UK equities came despite the Bank of England raising interest rates by 50bps and forecasting a recession for 2023.
- Australian shares rose 1% supported in part by firmer bank shares.

Economic calendar

| | |
|------------------------|--|
| Tuesday 9/08 | AU: NAB business survey, Jul AU: Consumer confidence, Aug |
| Wednesday 10/08 | CH: Consumer inflation, Jul US: Consumer inflation, Jul |
| Thursday 11/08 | US: Producer prices, Jul US: Initial jobless claims |
| Friday 12/08 | UK: GDP, Q2 |

The week ahead

- US inflation will be the key economic release for investors this week. US central bank officials have made it clear that they intend to keep raising interest rates until there is evidence that inflation is returning to 2%.
- With US petrol prices falling in July, expectations are for a moderation in headline inflation. If, however, there is a surprise to the upside then investors will look for another 75bps rate hike at the Fed's next meeting.
- In Australia, consumer and business confidence surveys will be the focus of investors in an otherwise quiet week. Consumer confidence has fallen sharply in recent months as the RBA began its aggressive tightening of monetary policy. The recent decline in petrol prices, however, raises the prospect of some improvement in August.



Financial markets data: Week ending 5 August 2022

| Interest Rates | Close (%) | 1 Week (bps) | | YTD (bps) | |
|---|-----------|--------------|---|-----------|---|
| RBA Cash Rate | 1.85 | 50 | ▲ | 175 | ▲ |
| 90-day BBSW | 2.19 | 7 | ▲ | 212 | ▲ |
| 3-year Australian Bond Yield | 2.81 | 15 | ▲ | 190 | ▲ |
| 10-year Australian Bond Yield | 3.09 | 3 | ▲ | 142 | ▲ |
| 20-year Australian Bond Yield | 3.47 | 3 | ▲ | 120 | ▲ |
| 10-year Australian Break-Even Inflation | 2.23 | 1 | ▲ | -4 | ▼ |
| 10-year Australian Real Yield | 0.86 | 2 | ▲ | 146 | ▲ |
| Fed Funds Rate (lower bound) | 2.25 | 0 | — | 225 | ▲ |
| 2-year US Treasury Yield | 3.23 | 34 | ▲ | 249 | ▲ |
| 10-year US Treasury Yield | 2.83 | 18 | ▲ | 132 | ▲ |
| 30-year US Treasury Yield | 3.07 | 6 | ▲ | 116 | ▲ |
| 10-year German Bund Yield | 0.96 | 14 | ▲ | 113 | ▲ |
| NSW TCorp Bonds | Close (%) | 1 Week (bps) | | YTD (bps) | |
| 4.00% 20 April 2023 | 2.68 | 31 | ▲ | 233 | ▲ |
| 1.00% 8 February 2024 | 2.84 | 19 | ▲ | 202 | ▲ |
| 5.00% 20 August 2024 | 3.01 | 18 | ▲ | 198 | ▲ |
| 1.25% 20 March 2025 | 3.06 | 13 | ▲ | 184 | ▲ |
| 4.00% 20 May 2026 | 3.17 | 11 | ▲ | 170 | ▲ |
| 3.00% 20 May 2027 | 3.26 | 9 | ▲ | 165 | ▲ |
| 3.00% 20 March 2028 | 3.31 | 5 | ▲ | 160 | ▲ |
| 3.00% 20 April 2029 | 3.39 | 3 | ▲ | 158 | ▲ |
| 3.00% 20 February 2030 | 3.46 | 2 | ▲ | 158 | ▲ |
| 2.00% 20 March 2031 | 3.56 | 2 | ▲ | 161 | ▲ |
| 1.50% 20 February 2032 | 3.64 | 2 | ▲ | 163 | ▲ |
| 2.00% 8 March 2033 | 3.74 | 1 | ▲ | 164 | ▲ |
| 3.50% 20 March 2034 | 3.80 | 2 | ▲ | 166 | ▲ |
| 2.75% 20 November 2025 CIB | -0.30 | 11 | ▲ | 74 | ▲ |
| 2.50% 20 November 2035 CIB | 1.52 | 4 | ▲ | 148 | ▲ |
| 10-year NSW TCorp Bond Yield | 3.66 | 2 | ▲ | 169 | ▲ |
| 10-year TCV (Victoria) Spread | 0.00 | 0 | ▼ | -4 | ▼ |
| 10-year QTC (Queensland) Spread | -0.09 | -2 | ▼ | -10 | ▼ |
| Equities | Close | 1 Week | | YTD | |
| S&P/ASX200 (Australia) | 7,016 | 1.0% | ▲ | -5.8% | ▼ |
| S&P500 (US) | 4,145 | 0.4% | ▲ | -13.0% | ▼ |
| FTSE 100 (UK) | 7,440 | 0.2% | ▲ | 0.7% | ▲ |
| DJ Stoxx600 (Europe) | 436 | -0.6% | ▼ | -10.7% | ▼ |
| Nikkei 225 (Japan) | 28,176 | 1.3% | ▲ | -2.1% | ▼ |
| Shanghai Composite (China) | 3,227 | -0.8% | ▼ | -11.3% | ▼ |
| Currencies | Close | 1 Week | | YTD | |
| AUD/USD | 0.691 | -1.1% | ▼ | -4.8% | ▼ |
| EUR/USD | 1.018 | -0.4% | ▼ | -10.4% | ▼ |
| USD/JPY | 135.01 | 1.3% | ▲ | 17.3% | ▲ |
| GBP/USD | 1.21 | -0.8% | ▼ | -10.8% | ▼ |
| US\$ Index | 106.62 | 0.7% | ▲ | 11.4% | ▲ |
| Commodities | Close | 1 Week | | YTD | |
| Brent Oil (US\$/bbl) | 94.92 | -13.7% | ▼ | 22.0% | ▲ |
| Iron Ore (US\$/t) | 109.11 | 1.8% | ▲ | -3.0% | ▼ |
| Coking Coal (US\$/t) | 2,400.00 | 3.7% | ▲ | 16.9% | ▲ |
| Gold (US\$/oz) | 1,775.50 | 0.5% | ▲ | -2.9% | ▼ |

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