

The week that was

- Global share markets rebounded and bond yields rose, as the mood in financial markets reverted to 'risk on'. The roll-out of COVID-19 vaccinations gained momentum and cases trended lower in more countries. US Congress cleared a path for another large economic stimulus package to be enacted, likely in March. Local investors focussed on monetary policy, where the RBA upgraded its forecasts for the economy, but stressed that interest rates would remain low for some years.
- In the US, the S&P500 reached a record high *en route* to finishing the week up 4.6%. In Europe, the DJ Stoxx600 added 3.5%, while Australia's S&P/ASX200 also rose 3.5%. The AUD appreciated against most currencies, closing at US\$0.768. Commodity prices were mixed; Brent oil jumped 6.7%, but prices fell for iron ore (-8.6%) and coking coal (-5.6%) consistent with reports of slower growth in China since the beginning of the year.
- US 10-year yields rose 10bps, while Australian 10-year yields added 6bps. The TCorp yield curve steepened.

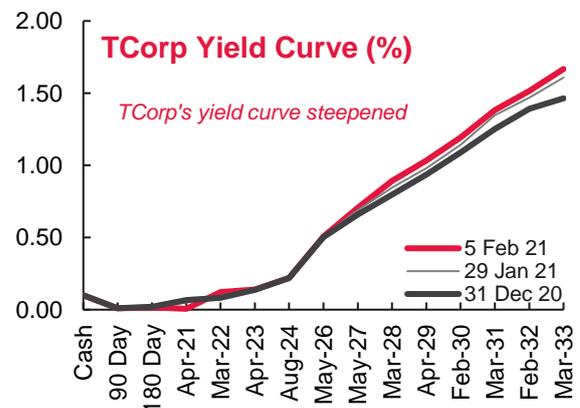
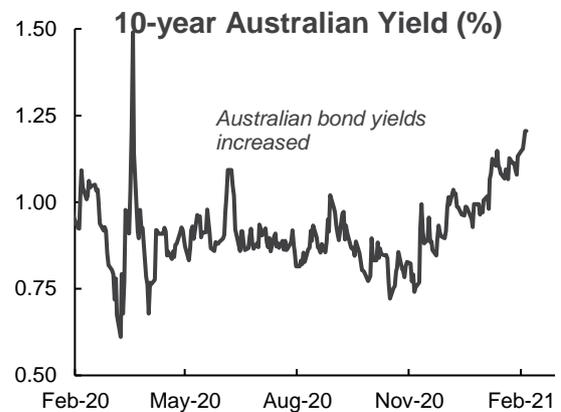
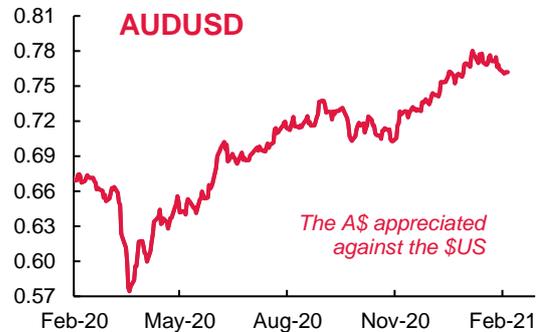
Economic calendar

Monday 8/2	EU: Investor confidence, Feb US: FOMC's Mester speech
Tuesday 9/2	AU: Business conditions, Jan US: Job openings, Dec
Wednesday 10/2	AU: Consumer confidence, Feb US: CPI, Jan
Thursday 11/2	EU: EC economic forecasts US: Initial jobless claims, w/e Feb 6
Friday 12/2	UK: GDP, Q4 US: Consumer sentiment, Feb

The week ahead

- There are few market-moving economic events this week. Typically, Chinese New Year celebrations dampen activity in Asia-Pacific financial markets and these holidays, to usher in the Year of the Ox, run from Thursday through to Wednesday next week.
- Developments in the US jobs market will continue to be a key barometer of the US economic recovery. CPI releases in China and the US are unlikely to give markets real cause for concern about inflation. The European Commission will release updated forecasts for the Eurozone economy.
- In Australia, business conditions and confidence in January benefitted from the easing of restrictions as COVID-19 cases were brought under control. The consumer confidence report should pick up on any reaction to last week's RBA announcements.

Financial markets charts



Financial markets data: Week ending 5 February 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	0.11	0	▼	0	▲
10-year Australian Bond Yield	1.19	6	▲	22	▲
20-year Australian Bond Yield	1.96	7	▲	25	▲
10-year Australian Break-Even Inflation	1.89	6	▲	12	▲
10-year Australian Real Yield	-0.69	0	▼	10	▲
Fed Funds Rate (lower bound)	0.00	0	–	0	–
2-year US Treasury Yield	0.10	-1	▼	-2	▼
10-year US Treasury Yield	1.16	10	▲	25	▲
30-year US Treasury Yield	1.97	14	▲	33	▲
10-year German Bund Yield	-0.45	7	▲	12	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 8 April 2021	0.05	0	▼	-2	▼
6.00% 1 March 2022	0.10	0	▲	2	▲
4.00% 20 April 2023	0.14	0	▲	0	▲
1.00% 8 February 2024	0.18	-2	▼	-2	▼
5.00% 20 August 2024	0.21	-2	▼	-1	▼
4.00% 20 May 2026	0.52	1	▲	2	▲
3.00% 20 May 2027	0.70	1	▲	4	▲
3.00% 20 March 2028	0.88	4	▲	9	▲
3.00% 20 April 2029	1.04	6	▲	10	▲
3.00% 20 February 2030	1.19	5	▲	10	▲
2.00% 20 March 2031	1.37	2	▲	12	▲
2.00% 20 March 2032	1.65	5	▲	19	▲
2.00% 20 March 2033	1.75	2	▲	13	▲
2.75% 20 November 2025 CIB	-1.41	-9	▼	-30	▼
2.50% 20 November 2035 CIB	0.11	4	▲	20	▲
10-year NSW TCorp Bond Yield	1.37	3	▲	13	▲
10-year TCV (Victoria) Spread	0.00	1	▲	-2	▼
10-year QTC (Queensland) Spread	-0.05	1	▲	-1	▼
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	6,841	3.5%	▲	3.8%	▲
S&P500 (US)	3,887	4.6%	▲	3.5%	▲
FTSE 100 (UK)	6,489	1.3%	▲	0.4%	▲
DJ Stoxx600 (Europe)	410	3.5%	▲	2.6%	▲
Nikkei 225 (Japan)	28,779	4.0%	▲	4.9%	▲
Shanghai Composite (China)	3,496	0.4%	▲	0.7%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.768	0.4%	▲	-0.2%	▼
EUR/USD	1.205	-0.7%	▼	-1.4%	▼
USD/JPY	105.39	0.7%	▲	2.1%	▲
GBP/USD	1.37	0.2%	▲	0.5%	▲
US\$ Index	91.00	0.5%	▲	1.2%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	59.61	6.7%	▲	15.1%	▲
Iron Ore (US\$/t)	153.74	-8.6%	▼	-1.3%	▼
Coking Coal (US\$/t)	1,700.00	-5.6%	▼	13.3%	▲
Gold (US\$/oz)	1,814.11	-1.8%	▼	-4.4%	▼

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