

Financial markets charts

The week that was

- US economic data was again on the weaker side last week, suggesting that the economy and labour market softened in June. Employment growth in the private sector (excluding health care) has slowed noticeably in recent months and the unemployment rate has risen to 4.1%. The subdued data, combined with the minutes from the US Federal Reserve's June meeting being less hawkish than investors had expected, saw US 10-year bond yields end the week 12bps lower and the S&P500 gain 2%.
- Central bankers in the US, Europe and Australia expect inflation to continue to fall towards their respective targets. However, they reiterated that they need to see more progress before lowering rates (for the first time in the US and Australia, and the second time for the European Central Bank).
- The ASX200 rose by 0.7%, with mining companies performing strongly alongside the rise in many commodity prices. The Australian dollar appreciated by 1.2% against the US dollar, the highest level since the start of this year.
- Political developments drove European financial markets last week. Investors were relieved about the outcome of elections in France and the UK and equity markets rose. Investors have also begun to focus more on the economic impacts of the US election results later this year.

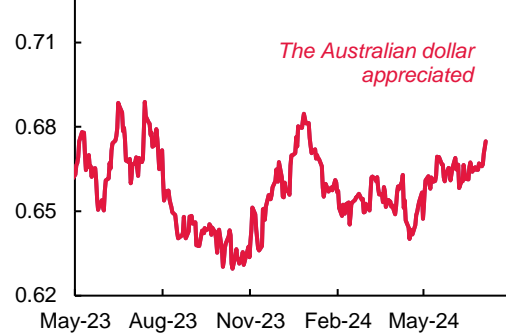
Economic calendar

Monday 08/07	AU: Housing lending, May
Tuesday 09/07	AU: Consumer sentiment, Jul; NAB Business survey, Jun
Wednesday 10/07	NZ: Reserve Bank of New Zealand policy meeting CH: Inflation, Jun
Thursday 11/07	US: CPI, Jun GE: CPI, Jun (final)
Friday 12/07	US: PPI, Jun GR: CPI, Jun (final)

The week ahead

- Markets will focus on US inflation data for June, with investors expecting another encouraging print that shows inflationary pressures gradually easing. Inflation data will also be released in Europe and China.
- Locally, survey data will provide updated reads on consumer and business sentiment. Consumer sentiment has been very weak for the past 2 years, in response to the higher cost of living. While business conditions have been more resilient, they have been weakening, suggesting that domestic demand remained soft in the June quarter.
- US corporate earnings season commences on Friday with reports from large banks.

AUD/USD



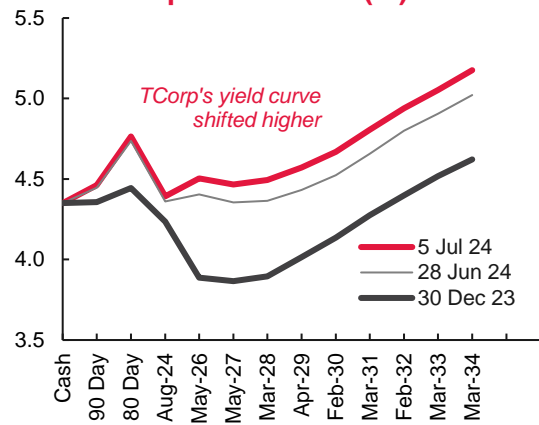
10-year Australian Yield (%)



ASX200 (Index)



TCorp Yield Curve (%)



Financial markets data: Week ending 5 July 2024

INTEREST RATES	CLOSE (%)	1 WEEK (BPS)		YTD (BPS)	
RBA Cash Rate	4.35	0	—	0	—
90-day BBSW	4.46	2	▲	10	▲
3-year Australian Bond Yield	4.16	8	▲	55	▲
10-year Australian Bond Yield	4.40	9	▲	45	▲
20-year Australian Bond Yield	4.79	22	▲	55	▲
10-year Australian Break-Even Inflation	2.44	2	▲	-13	▼
10-year Australian Real Yield	1.96	7	▲	58	▲
Fed Funds Rate (lower bound)	5.25	0	—	0	—
2-year US Treasury Yield	4.60	-15	▼	35	▲
10-year US Treasury Yield	4.28	-12	▼	40	▲
30-year US Treasury Yield	4.48	-8	▼	45	▲
10-year German Bund Yield	2.56	6	▲	53	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
5.00% 20 August 2024	4.39	3	▲	16	▲
1.25% 20 March 2025	4.50	5	▲	47	▲
4.00% 20 May 2026	4.50	10	▲	62	▲
3.00% 20 May 2027	4.47	11	▲	60	▲
3.00% 20 March 2028	4.49	13	▲	60	▲
3.00% 20 April 2029	4.57	14	▲	56	▲
3.00% 20 February 2030	4.67	15	▲	53	▲
2.00% 20 March 2031	4.81	15	▲	53	▲
1.50% 20 February 2032	4.94	14	▲	54	▲
2.00% 8 March 2033	5.05	15	▲	53	▲
1.75% 20 March 2034	5.18	15	▲	55	▲
2.75% 20 November 2025 CIB	1.99	5	▲	93	▲
2.50% 20 November 2035 CIB	2.62	8	▲	55	▲
10-year NSW TCorp Bond Yield	5.15	15	▲	60	▲
10-year TCV (Victoria) Spread	0.08	1	▲	-3	▼
10-year QTC (Queensland) Spread	0.01	-1	▼	9	▲
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	7,822	0.7%	▲	3.0%	▲
S&P500 (US)	5,567	2.0%	▲	16.7%	▲
FTSE 100 (UK)	8,204	0.5%	▲	6.1%	▲
DJ Stoxx600 (Europe)	517	1.0%	▲	7.9%	▲
Nikkei 225 (Japan)	40,912	3.4%	▲	22.3%	▲
Shanghai Composite (China)	2,950	-0.6%	▼	-0.8%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.675	1.2%	▲	-0.9%	▼
EUR/USD	1.084	1.2%	▲	-1.8%	▼
USD/JPY	160.75	-0.1%	▼	14.0%	▲
GBP/USD	1.28	1.3%	▲	0.7%	▲
US\$ Index	104.88	-0.9%	▼	3.5%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	86.54	0.2%	▲	12.3%	▲
Iron Ore (US\$/t)	110.99	4.2%	▲	-18.6%	▼
Coking Coal (US\$/t)	207.20	0.0%	▼	-24.8%	▼
Gold (US\$/oz)	2,392.16	2.8%	▲	16.0%	▲

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

Emily Perry
Senior Economist
emily.perry@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 99 235 825

Disclaimer

The opinions, forecasts and data contained in this report is based on the research of TCorp as at the date of publication and is subject to change without notice. TCorp is not responsible for the accuracy, adequacy, completeness of any information in the report provided by third parties. This report is provided for general information purposes only and should not be relied upon for investment or trading purposes. This report is not intended to forecast or predict future events.

Unauthorised copying and distribution of this material is prohibited.

© New South Wales Treasury Corporation 2024. All rights reserved.

About TCorp

TCorp provides best-in-class investment management, financial management, solutions and advice to the New South Wales (NSW) public sector. With A\$110 billion of assets under management, TCorp is a top 10 Australian investment manager and is the central borrowing authority of the state of NSW, with a balance sheet of A\$177 billion. It is rated Aaa (Stable) by Moody's, AAA (Stable) by Fitch, and AA+ (Stable) by S&P.