

## The week that was

- Global markets were volatile again last week, albeit in narrower ranges. The OECD increased its global economic growth forecasts for 2021 by one third.
- Most stock markets posted solid gains. While investors continued to favour shares of companies that do well when bond yields are rising, they also bought IT stocks which offered better value after recent price falls. The US S&P500 rose 2.6%, and the EuroStoxx600 added 3.5%. News of less government support for China's economy in 2021 unsettled regional stock markets: the ASX200 rose just 0.8% and the Shanghai Composite fell 1.4%.
- US bond yields rose, with 10-year yields up 6bps to 1.62%. However, Australian yields fell, with 10-year bonds ending down 13bps at 1.70%. Reserve Bank of Australia (RBA) Governor Lowe argued strongly that investors were wrong to anticipate the cash interest rate target increasing before 2024. Interest rates fell along the TCorp yield curve.
- Commodity prices were mostly weaker. Iron ore fell 3.2% on concerns of lower Chinese demand. The USD depreciated 0.3% on average against major currencies, lifting the AUD to US\$0.776.

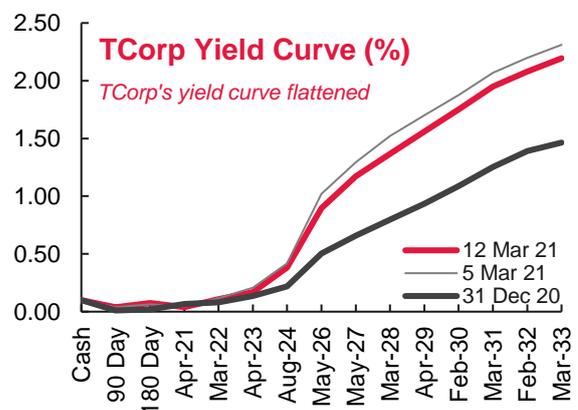
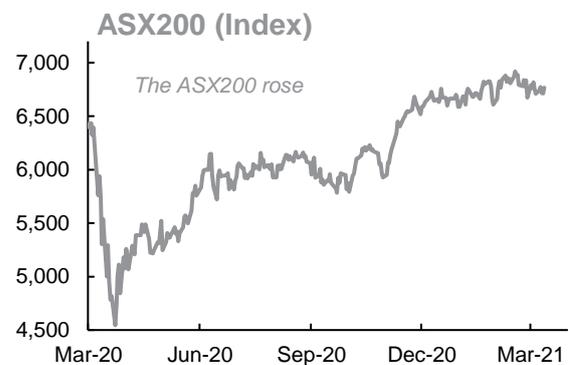
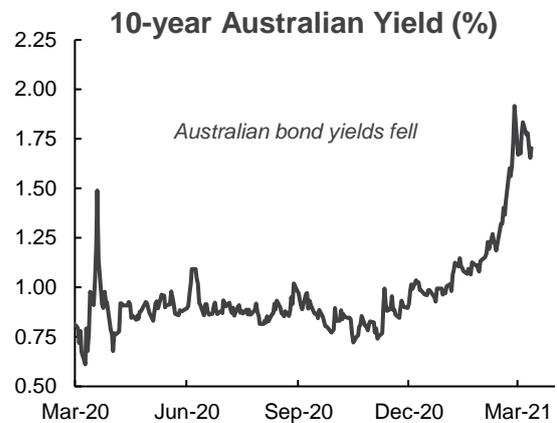
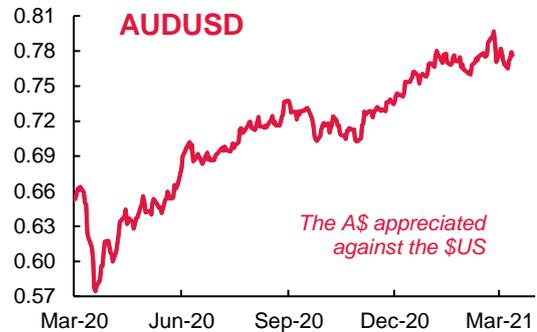
## Economic calendar

<b>Monday</b> 15/3	AU: RBA Governor Lowe speech CH: Industrial production, Feb
<b>Tuesday</b> 16/3	AU: RBA policy meeting minutes, Mar US: Retail sales, Feb
<b>Wednesday</b> 17/3	EU: ZEW investor survey, Mar US: Fed monetary policy decision
<b>Thursday</b> 18/3	AU: Labour force, Feb US: Initial jobless claims, 13 Mar
<b>Friday</b> 19/3	AU: Retail sales, Feb

## The week ahead

- With the US fiscal stimulus bill now passed, markets can devote their full attention to monetary policy. In particular, investors will seek guidance on the likely policy response to the run-up in bond yields, from the three major central banks meeting this week – the US Federal Reserve, the Bank of Japan and the Bank of England. Also, RBA Governor Lowe is speaking today, and the minutes of the Bank's early-March policy meeting will be released.
- Potential market-moving economic data releases offshore include US retail trade and industrial production, and China's monthly batch of key indicators (industrial production, retail trade and fixed asset investment).
- In Australia, latest labour force and retail sales data are expected to show the upward trajectory of the economy continued in February.

## Financial markets charts



## Financial markets data: Week ending 12 March 2021

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.10	0	–	0	–
90-day BBSW	0.04	0	▲	3	▲
3-year Australian Bond Yield	0.09	-4	▼	-2	▼
10-year Australian Bond Yield	1.70	-13	▼	73	▲
20-year Australian Bond Yield	2.44	-12	▼	73	▲
10-year Australian Break-Even Inflation	2.20	8	▲	43	▲
10-year Australian Real Yield	-0.49	-21	▼	31	▲
Fed Funds Rate (lower bound)	0.00	0	–	0	–
2-year US Treasury Yield	0.15	1	▲	3	▲
10-year US Treasury Yield	1.62	6	▲	71	▲
30-year US Treasury Yield	2.38	8	▲	73	▲
10-year German Bund Yield	-0.31	0	▼	26	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 8 April 2021	0.04	-1	▼	-3	▼
6.00% 1 March 2022	0.11	-1	▼	3	▲
4.00% 20 April 2023	0.17	-4	▼	3	▲
1.00% 8 February 2024	0.30	-6	▼	10	▲
5.00% 20 August 2024	0.38	-4	▼	16	▲
4.00% 20 May 2026	0.90	-12	▼	39	▲
3.00% 20 May 2027	1.17	-12	▼	51	▲
3.00% 20 March 2028	1.37	-15	▼	57	▲
3.00% 20 April 2029	1.56	-14	▼	62	▲
3.00% 20 February 2030	1.75	-13	▼	66	▲
2.00% 20 March 2031	1.95	-12	▼	70	▲
2.00% 20 March 2032	2.19	-12	▼	73	▲
2.00% 20 March 2033	2.27	-13	▼	65	▲
2.75% 20 November 2025 CIB	-1.34	-13	▼	-23	▼
2.50% 20 November 2035 CIB	0.29	-20	▼	38	▲
10-year NSW TCorp Bond Yield	1.93	-12	▼	69	▲
10-year TCV (Victoria) Spread	-0.04	-4	▼	-6	▼
10-year QTC (Queensland) Spread	0.00	3	▲	4	▲
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	6,767	0.8%	▲	2.7%	▲
S&P500 (US)	3,943	2.6%	▲	5.0%	▲
FTSE 100 (UK)	6,761	2.0%	▲	4.7%	▲
DJ Stoxx600 (Europe)	423	3.5%	▲	6.0%	▲
Nikkei 225 (Japan)	29,718	3.0%	▲	8.3%	▲
Shanghai Composite (China)	3,453	-1.4%	▼	-0.6%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.776	1.0%	▲	0.9%	▲
EUR/USD	1.195	0.3%	▲	-2.2%	▼
USD/JPY	109.03	0.7%	▲	5.6%	▲
GBP/USD	1.39	0.6%	▲	1.9%	▲
US\$ Index	91.66	-0.3%	▼	1.9%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	69.19	-0.2%	▼	33.6%	▲
Iron Ore (US\$/t)	167.08	-3.2%	▼	7.2%	▲
Coking Coal (US\$/t)	1,571.50	-1.9%	▼	4.7%	▲
Gold (US\$/oz)	1,727.11	1.6%	▲	-9.0%	▼

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