

Weekly Economic Report

08 November 2021

The week that was

- Monetary policy decisions from the Reserve Bank of Australia (RBA), the US Federal Reserve and the Bank of England were the predominant forces driving markets last week. Investors ultimately pared back expectations for rate hikes, with global equities in the black and bond yields posting significant drops.
- The RBA announced it would discontinue its 3-year yield targeting programme, which followed a steep recent run-up in the April 2024 bond, to well above its 0.1% target. The RBA also maintained its dovish outlook for rate rises.
- In the UK, the Bank of England opted not to taper its quantitative easing scheme or raise rates, seen as a dovish surprise. The US Federal Reserve announced it would begin tapering its \$120bn monthly asset purchase programme by \$15bn per month, with the outlook for interest rates unchanged.
- Australian 10-year yields dropped 28bps last week to 1.81%. TCorp's 10-year yield also plunged 26bps to 2.12%. The US 10-year yield fell 10bps to 1.45% and the German 10-year declined 17bps to -0.28%.
- Equity markets extended their recent positive run. The ASX200 gained 1.8%, the S&P500 rose 2.0%, the European Stoxx600 climbed 1.7%. China's Shanghai Composite did decline, down -1.6%, on economic growth concerns.
- The Australian dollar slipped as near-term rate hike expectations receded, closing at US\$0.74.

Economic calendar

Monday 08/11

Tuesday 09/11 AU: NAB Business Survey, Oct
US: NFIB Small Business Survey, Oct

Wednesday 10/11 AU: Westpac Consumer Confidence, Oct
CH: CPI, Oct, PPI, Oct
US: PPI, Oct

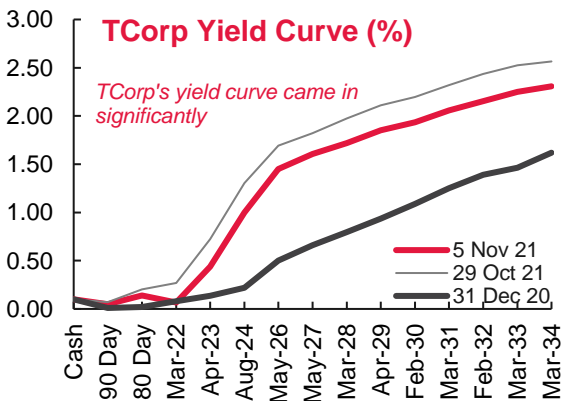
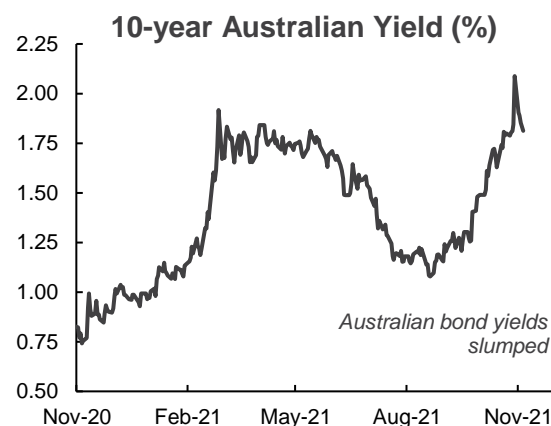
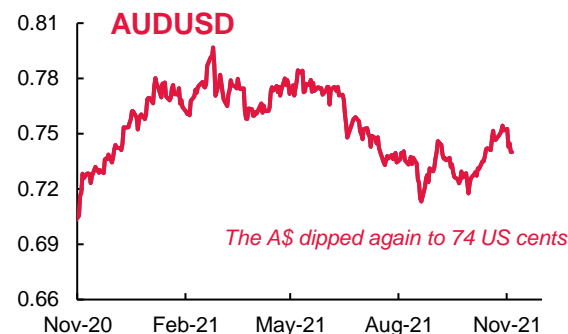
Thursday 11/11 AU: Employment, Oct
EU: ECB Economic Bulletin, Oct
US: CPI, Oct, Real average earnings, Oct, Wholesale inventories and sales, Sep

Friday 12/11

The week ahead

- A relatively quiet start to the data calendar this week will give markets more time to digest recent monetary policy decisions. The inflation, employment and sentiment reports will then be important for investors to recalibrate their expectations for the economic outlook and policy tightening in Australia and the US.

Financial markets charts



Financial markets data: Week ending 05 November 2021

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.10	0	—	0	—
90-day BBSW	0.05	-2	▼	4	▲
3-year Australian Bond Yield	0.93	-30	▼	82	▲
10-year Australian Bond Yield	1.81	-28	▼	84	▲
20-year Australian Bond Yield	2.44	-24	▼	73	▲
10-year Australian Break-Even Inflation	2.12	-3	▼	35	▲
10-year Australian Real Yield	-0.31	-25	▼	49	▲
Fed Funds Rate (lower bound)	0.00	0	—	0	—
2-year US Treasury Yield	0.40	-10	▼	28	▲
10-year US Treasury Yield	1.45	-10	▼	54	▲
30-year US Treasury Yield	1.89	-5	▼	24	▲
10-year German Bund Yield	-0.28	-17	▼	29	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
6.00% 1 March 2022	0.07	-20	▼	-1	▼
4.00% 20 April 2023	0.44	-29	▼	30	▲
1.00% 8 February 2024	0.84	-31	▼	64	▲
5.00% 20 August 2024	1.00	-31	▼	78	▲
4.00% 20 May 2026	1.45	-24	▼	95	▲
3.00% 20 May 2027	1.61	-21	▼	95	▲
3.00% 20 March 2028	1.72	-26	▼	92	▲
3.00% 20 April 2029	1.85	-26	▼	92	▲
3.00% 20 February 2030	1.93	-26	▼	85	▲
2.00% 20 March 2031	2.06	-26	▼	81	▲
1.50% 20 February 2032	2.16	-28	▼	76	▲
2.00% 8 March 2033	2.25	-28	▼	78	▲
3.50% 20 March 2034	2.31	-26	▼	69	▲
2.75% 20 November 2025 CIB	-0.92	-31	▼	18	▲
2.50% 20 November 2035 CIB	0.30	0	▼	40	▲
10-year NSW TCorp Bond Yield	2.12	-26	▼	88	▲
10-year TCV (Victoria) Spread	0.02	3	▲	0	▲
10-year QTC (Queensland) Spread	0.00	0	▲	4	▲
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	7,457	1.8%	▲	13.2%	▲
S&P500 (US)	4,698	2.0%	▲	25.1%	▲
FTSE 100 (UK)	7,304	0.9%	▲	13.1%	▲
DJ Stoxx600 (Europe)	483	1.7%	▲	21.2%	▲
Nikkei 225 (Japan)	29,612	2.5%	▲	7.9%	▲
Shanghai Composite (China)	3,492	-1.6%	▼	0.5%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.740	-1.6%	▼	-3.8%	▼
EUR/USD	1.157	0.1%	▲	-5.3%	▼
USD/JPY	113.41	-0.5%	▼	9.8%	▲
GBP/USD	1.35	-1.3%	▼	-1.3%	▼
US\$ Index	94.32	0.2%	▲	4.9%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	82.74	-1.9%	▼	59.7%	▲
Iron Ore (US\$/t)	91.47	-13.9%	▼	-42.3%	▼
Coking Coal (US\$/t)	2,840.00	-21.3%	▼	89.3%	▲
Gold (US\$/oz)	1,818.36	2.0%	▲	-4.2%	▼

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

Rebecca Hiscock-Croft
Senior Economist
rebecca.hiscock-croft@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 99 095 235 825

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