

# Weekly Economic Report

09 August 2021

## The week that was

- Robust economic data and solid company earnings reports in the US and Europe drove financial markets, supporting risk appetite and outweighing fears over the Delta variant. US employment was very strong in July and added credence to a picture of solid recovery, alongside strong surveys of US business activity.
- The local focus was the Reserve Bank of Australia monetary policy decision and associated communications. The central bank affirmed its commitment to trim asset purchases and indicated it sees Australia recovering swiftly in 2022.
- US 10-year bond yields rose 7bps to 1.30% for the week, while German and Australian 10-year yields nudged up 1bp to close at -0.46% and 1.19%. TCorp's 10-year yield increased 2bps, to 1.53%.
- Equity markets were solid for the first week of the month. All major market indices for the US, Europe, Australia, China and Japan closed higher. The ASX200 was up a strong 2% for the week.
- The Australian dollar regained some of its recent losses, closing up 0.2% for the week, at US\$0.736.

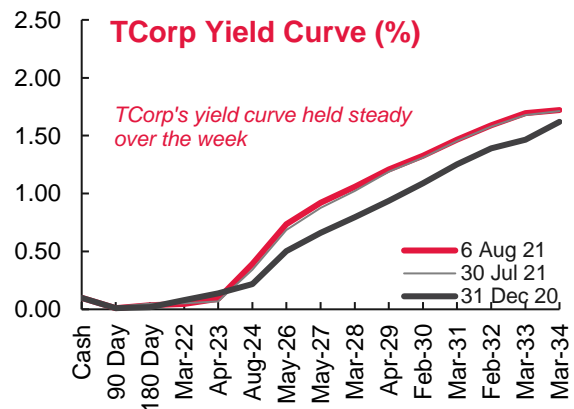
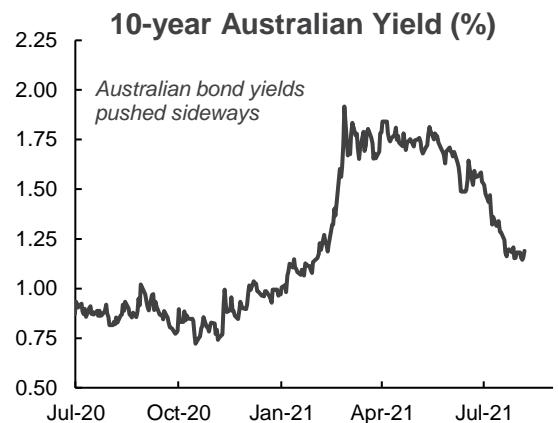
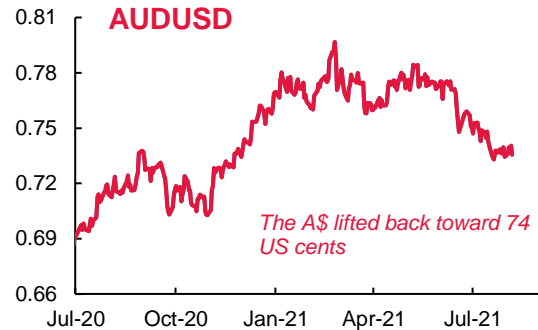
## Economic calendar

<b>Monday 09/08</b>	CH: CPI, Jul
<b>Tuesday 10/08</b>	AU: NAB Business Survey, Jul EU: ZEW Survey, Aug US: JOLTS job openings, Jun, Fed speakers (Bostic, Barkin)
<b>Wednesday 11/08</b>	AU: Westpac Consumer Survey, Aug US: CPI, Jul, Real earnings, Jul, Fed speakers (Mester, Logan)
<b>Thursday 12/08</b>	EU: Industrial production, Jun US: PPI, Jul, Fed speakers (Bostic, George)
<b>Friday 13/08</b>	US: Import prices, export prices, Jul

## The week ahead

- A quieter week for economic data in Australia and major economies overseas. Business and consumer sentiment surveys will be of particular interest, in light of the current lockdowns.
- Several US Federal Reserve policymakers, including Logan and Mester, will speak in a range of forums this coming week, offering a potential opportunity to hear a broader range of opinions from US monetary policy makers, on key issues including jobs and inflation.
- The US earnings reporting season will also continue to be of interest to investors.

## Financial markets charts



## Financial markets data: Week ending 06 August 2021

Interest rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.10	0	—	0	—
90-day BBSW	0.01	-1	▼	0	—
3-year Australian Bond Yield	0.30	6	▲	19	▲
10-year Australian Bond Yield	1.19	1	▲	22	▲
20-year Australian Bond Yield	1.85	0	▼	14	▲
10-year Australian Break-Even Inflation	2.02	2	▲	25	▲
10-year Australian Real Yield	-0.83	-1	▼	-3	▼
Fed Funds Rate (lower bound)	0.00	0	—	0	—
2-year US Treasury Yield	0.21	2	▲	9	▲
10-year US Treasury Yield	1.30	7	▲	38	▲
30-year US Treasury Yield	1.95	5	▲	30	▲
10-year German Bund Yield	-0.46	1	▲	11	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
6.00% 1 March 2022	0.05	-1	▼	-3	▼
4.00% 20 April 2023	0.09	2	▲	-5	▼
1.00% 8 February 2024	0.28	4	▲	8	▲
5.00% 20 August 2024	0.39	5	▲	17	▲
4.00% 20 May 2026	0.74	5	▲	23	▲
3.00% 20 May 2027	0.92	4	▲	26	▲
3.00% 20 March 2028	1.06	4	▲	26	▲
3.00% 20 April 2029	1.21	2	▲	27	▲
3.00% 20 February 2030	1.33	2	▲	24	▲
2.00% 20 March 2031	1.47	1	▲	21	▲
1.50% 20 February 2032	1.59	1	▲	20	▲
2.00% 8 March 2033	1.69	2	▲	23	▲
3.50% 20 March 2034	1.72	1	▲	10	▲
2.75% 20 November 2025 CIB	-1.25	11	▲	-14	▼
2.50% 20 November 2035 CIB	-0.21	0	—	-12	▼
10-year NSW TCorp Bond Yield	1.53	2	▲	29	▲
10-year TCV (Victoria) Spread	-0.05	-1	▼	-7	▼
10-year QTC (Queensland) Spread	-0.07	0	▼	-3	▼
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	7,538	2.0%	▲	14.4%	▲
S&P500 (US)	4,437	0.9%	▲	18.1%	▲
FTSE 100 (UK)	7,123	1.3%	▲	10.3%	▲
DJ Stoxx 600 (Europe)	470	1.8%	▲	17.8%	▲
Nikkei 225 (Japan)	27,820	2.0%	▲	1.4%	▲
Shanghai Composite (China)	3,458	1.8%	▲	-0.4%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.736	0.2%	▲	-4.4%	▼
EUR/USD	1.176	-0.9%	▼	-3.7%	▼
USD/JPY	110.25	0.5%	▲	6.8%	▲
GBP/USD	1.39	-0.2%	▼	1.5%	▲
US\$ Index	92.80	0.7%	▲	3.2%	▲
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	70.70	-7.4%	▼	36.5%	▲
Iron Ore (US\$/t)	167.87	-6.6%	▼	6.0%	▲
Coking Coal (US\$/t)	2,346.00	10.5%	▲	56.3%	▲
Gold (US\$/oz)	1,763.03	-2.8%	▼	-7.1%	▼

**Brian Redican**  
**Chief Economist**  
[brian.redican@tcorp.nsw.gov.au](mailto:brian.redican@tcorp.nsw.gov.au)

**Rebecca Hiscock-Croft**  
**Senior Economist**  
[rebecca.hiscock-croft@tcorp.nsw.gov.au](mailto: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](http://www.tcorp.nsw.gov.au)

**ABN 99 095 235 825**

This material has been prepared by New South Wales Treasury Corporation ABN 99 095 235 825 (TCorp), a statutory corporation of New South Wales.

This material is of a general nature only and does not take into account your investment objectives, financial situation or needs. This material does not constitute investment advice. It should not be relied upon in determining whether to invest in a TCorpIM Fund. TCorp recommends you seek your own legal and financial advice before proceeding with any investment decision.

While this material has been formulated with all due care, TCorp does not warrant or represent that the material is free from errors or omissions, or that it is exhaustive. TCorp takes no responsibility for the accuracy, adequacy, currency or completeness of any information included in the material provided by third parties. Except where contrary to law, TCorp will not be liable for any loss, damage, cost or expense (whether direct or indirect) incurred by you as a result of the use of, or reliance on, the information contained in this material.

This material is not intended to forecast or predict future events. Past performance is not a guarantee or a reliable indicator of future performance. The material is subject to change without notice and TCorp is not under any obligation to update the information or correct any inaccuracy which may become apparent at a later date.

Unauthorised copying and distribution of this material is prohibited.

© New South Wales Treasury Corporation 2021. All rights reserved.

### **About New South Wales Treasury Corporation (TCorp)**

TCorp provides best-in-class investment management, financial management, solutions and advice to the New South Wales (NSW) public sector. With A\$111 billion of assets under management, TCorp is a top 5 Australian investment manager and is the central borrowing authority of the state of NSW, with a balance sheet of A\$117 billion. It is rated Aaa (Stable) by Moody's and AA+ (Stable) by S&P.