

## The week that was

- Market volatility was pronounced as COVID-19 cases outside of China continued to escalate. Equity markets were mixed with the Australian market down 3.5% and European stocks down 2-2.5%. China equities rallied 5.4% and the US S&P 500 rose 0.6%.
- G7 countries held an emergency talk on the hit to the global economy from COVID-19 and the response central banks should take to counteract the tightening of financial conditions, with policymakers reiterating they will provide all the support necessary.
- The US Fed slashed rates 0.5%, the RBA cut rates 0.25%. Other central banks also began easing with Hong Kong and Canada also cutting rates. Bond yields fell dramatically with US 10-years hitting record lows closing at 0.76%, down 39bps.
- OPEC and Russia failed to reach an agreement on curbing oil production as the virus impacts demand. The price of oil plummeted 10.4% over the week to close at US\$45.27 a barrel.
- In Australia, Q4 GDP surprised to the upside, printing at 0.5% and Q3 GDP was revised upwards to 0.6%. That said, the RBA is expecting a hit to growth of 0.5% due to COVID-19's impact on tourism and education.

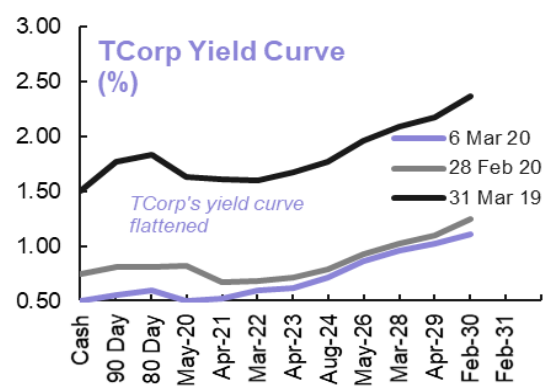
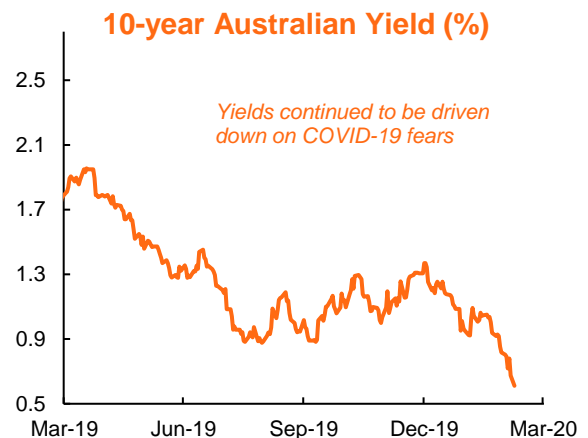
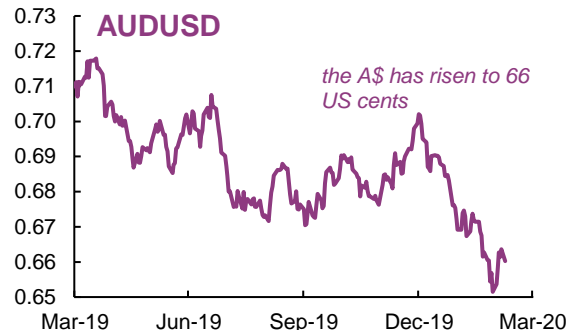
## Economic calendar

<b>Monday</b>	
09/03	AU: NAB Business Conditions, Feb
<b>Tuesday</b>	EC: GDP and Employment, Q4
10/03	US: NIFB Small Business Optimism, Feb
<b>Wednesday</b>	AU: RBA's Debelle speaks "Investment"
11/03	US: CPI, Feb
<b>Thursday</b>	EC: ECB rate announcement
12/03	
<b>Friday</b>	
13/03	

## The week ahead

- Guy Debelle, Deputy Governor RBA, will speak on "Investment". Rumours point to a change in how the RBA may implement unconventional policy as interest rates approach the effective lower bound.
- Westpac's March consumer sentiment may provide the first insight into how recent monetary easing will impact consumption.
- The Australian Government is due to announce the fiscal response to COVID-19 later in the week in its attempt to support jobs and businesses throughout the virus crisis.

## Financial markets charts



## Financial markets data: Week ending 6 March 2020

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.50	-25	▼	-25	▼
90-day BBSW	0.55	-26	▼	-37	▼
3-year Australian Bond Yield	0.36	-15	▼	-55	▼
10-year Australian Bond Yield	0.68	-14	▼	-70	▼
20-year Australian Bond Yield	1.19	-10	▼	-67	▼
10-year Australian Break-Even Inflation	1.21	-2	▼	-19	▼
10-year Australian Real Yield	-0.54	-13	▼	-50	▼
Fed Funds Rate (lower bound)	1.00	-50	▼	-50	▼
2-year US Treasury Yield	0.51	-41	▼	-106	▼
10-year US Treasury Yield	0.76	-39	▼	-116	▼
30-year US Treasury Yield	1.29	-39	▼	-110	▼
10-year German Bund Yield	-0.71	-10	▼	-53	▼
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
6.00% 1 May 2020	0.50	-32	▼	-43	▼
4.00% 8 April 2021	0.52	-16	▼	-48	▼
6.00% 1 March 2022	0.59	-9	▼	-47	▼
4.00% 20 April 2023	0.62	-10	▼	-55	▼
1.00% 8 February 2024	0.70	-8	▼	-58	▼
5.00% 20 August 2024	0.71	-8	▼	-57	▼
4.00% 20 May 2026	0.86	-7	▼	-59	▼
3.00% 20 May 2027	0.95	-7	▼	-62	▼
3.00% 20 March 2028	1.02	-8	▼	-64	▼
3.00% 20 April 2029	1.11	-9	▼	-67	▼
3.00% 20 February 2030	1.17	-8	▼	-68	▼
2.00% 20 March 2031	1.28	-8	▼	-67	▼
2.00% 20 March 2032	1.42	-10	▼	n/a	n/a
2.00% 20 March 2033	1.53	-7	▼	-67	▼
3.75% 20 August 2020 CIB	-1.21	-16	▼	-53	▼
2.75% 20 November 2025 CIB	-0.25	-7	▼	-34	▼
2.50% 20 November 2035 CIB	0.29	-4	▼	-43	▼
10-year NSW TCorp Bond Yield	1.20	-8	▼	-64	▼
10-year TCV (Victoria) Spread	-0.03	0	▼	-1	▼
10-year QTC (Queensland) Spread	0.01	1	▲	-2	▼
Equities	Close	1 Week		YTD	
S&P/ASX 200 (Australia)	6,216	-3.5%	▼	-7.0%	▼
S&P 500 (US)	2,972	0.6%	▲	-8.0%	▼
FTSE 100 (UK)	6,463	-1.8%	▼	-14.3%	▼
DJ Stoxx 600 (Europe)	367	-2.4%	▼	-11.8%	▼
Nikkei 225 (Japan)	20,750	-1.9%	▼	-12.3%	▼
Shanghai Composite (China)	3,035	5.4%	▲	-0.5%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.664	1.9%	▲	-5.5%	▼
EUR/USD	1.128	2.3%	▲	0.6%	▲
USD/JPY	105.39	-2.3%	▼	-3.0%	▼
GBP/USD	1.30	1.8%	▲	-1.6%	▼
US\$ Index	95.95	-2.2%	▼	-0.5%	▼
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	45.27	-10.4%	▼	-31.4%	▼
Iron Ore (US\$/t)	89.07	3.0%	▲	-2.7%	▼
Coking Coal (US\$/t)	1,292.00	0.0%	—	7.0%	▲
Gold (US\$/oz)	1,673.83	5.6%	▲	10.3%	▲

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