

## The week that was

- Global equity markets enjoyed a strong week, buoyed by developments in the US Presidential election and despite some countries posting new highs in COVID-19 cases. Investors welcomed the increasing probability of a Democrat President who would ease global trade and political tensions, and a Republican-controlled Senate that could block tax increases and 'anti-business' reforms.
- The US S&P500 jumped 7.3% last week, the EuroStox600 gained 7.0% and the ASX200 rose 4.4%.
- Downunder, the RBA upgraded its growth forecast for the Australian economy, but cut interest rates across the board to just 10bps and announced that it intends to purchase \$100 billion of government bonds over the next 6 months. This includes \$20 billion of State government bonds.
- The positive sentiment filtered into commodity and FX markets, with WTI oil up 5.0% and AUD/USD up 3%.
- Surprisingly, global bond yields ended the week lower; US 10s eased 6bps and Aussie 10s dropped 8bps. The fall in US yields likely reflects the smaller chance of another large US fiscal stimulus given the divided Congress while the RBA actions explain the decline in Australian yields.

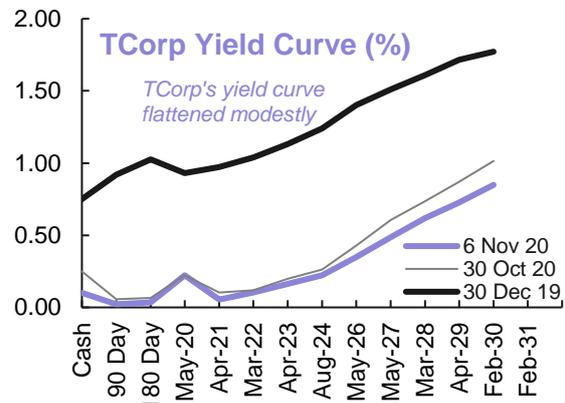
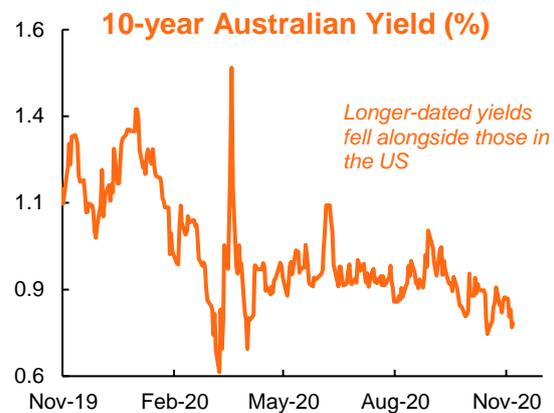
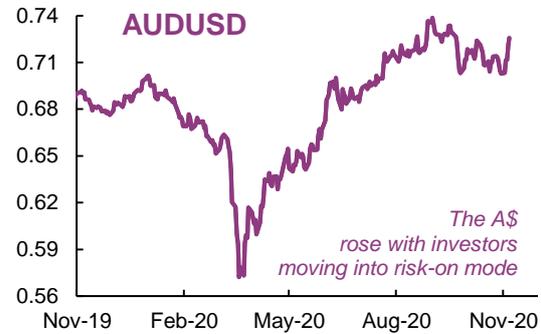
## Economic calendar

<b>Monday</b> 9/11	
<b>Tuesday</b> 10/11	AU: NAB Business conditions, Oct EU: ZEW Business expectations, Nov
<b>Wednesday</b> 11/11	AU: WBC Consumer sentiment, Nov NZ: RBNZ monetary policy decision
<b>Thursday</b> 12/11	EU Industrial production, Sep US CPI, Oct
<b>Friday</b> 13/11	CH: New lending, Oct US: UoM Consumer sentiment, Nov

## The week ahead

- This week the economic calendar is dominated by second-tier data. In the US, there is a slim chance that the Republicans could lose their Senate majority, but that will not be decided until January. The University of Michigan consumer sentiment index will capture the election mood and the COVID spike.
- Australian data on business and consumer sentiment will shed light on the health of the economy, post-Victorian lockdown.
- Across the ditch, the RBNZ is not expected to change the OCR, but may announce more funding for banks' lending.

## Financial markets charts



## Financial markets data: Week ending 6 November 2020

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	0.10	-15	▼	-65	▼
90-day BBSW	0.02	-4	▼	-90	▼
3-year Australian Bond Yield	0.10	-2	▼	-80	▼
10-year Australian Bond Yield	0.75	-8	▼	-62	▼
20-year Australian Bond Yield	1.47	-7	▼	-40	▼
10-year Australian Break-Even Inflation	1.32	-7	▼	-9	▼
10-year Australian Real Yield	-0.57	-1	▼	-53	▼
Fed Funds Rate (lower bound)	0.00	0	—	-150	▼
2-year US Treasury Yield	0.15	0	▲	-142	▼
10-year US Treasury Yield	0.82	-6	▼	-110	▼
30-year US Treasury Yield	1.60	-6	▼	-79	▼
10-year German Bund Yield	-0.62	1	▲	-44	▼
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 8 April 2021	0.07	-3	▼	-93	▼
6.00% 1 March 2022	0.10	-2	▼	-96	▼
4.00% 20 April 2023	0.17	-3	▼	-100	▼
1.00% 8 February 2024	0.21	-3	▼	-107	▼
5.00% 20 August 2024	0.22	-4	▼	-106	▼
4.00% 20 May 2026	0.35	-8	▼	-110	▼
3.00% 20 May 2027	0.48	-12	▼	-109	▼
3.00% 20 March 2028	0.61	-13	▼	-106	▼
3.00% 20 April 2029	0.72	-15	▼	-106	▼
3.00% 20 February 2030	0.85	-16	▼	-99	▼
2.00% 20 March 2031	0.98	-19	▼	-98	▼
2.00% 20 March 2032	1.23	-18	▼	n/a	n/a
2.00% 20 March 2033	1.37	-18	▼	-83	▼
2.75% 20 November 2025 CIB	-0.61	-40	▼	-70	▼
2.50% 20 November 2035 CIB	0.18	0	▲	n/a	n/a
10-year NSW TCorp Bond Yield	0.96	-18	▼	-88	▼
10-year TCV (Victoria) Spread	0.01	1	▲	3	▲
10-year QTC (Queensland) Spread	-0.01	-1	▼	-4	▼
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	6,190	4.4%	▲	-7.4%	▼
S&P500 (US)	3,509	7.3%	▲	8.6%	▲
FTSE 100 (UK)	5,910	6.0%	▲	-21.6%	▼
Euro Stoxx 600 (Europe)	366	7.0%	▲	-11.9%	▼
Nikkei 225 (Japan)	24,325	5.9%	▲	2.8%	▲
Shanghai Composite (China)	3,312	2.7%	▲	8.6%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.726	3.3%	▲	3.4%	▲
EUR/USD	1.187	1.9%	▲	5.9%	▲
USD/JPY	103.35	-1.3%	▼	-4.8%	▼
GBP/USD	1.32	1.6%	▲	-0.8%	▼
US\$ Index	92.23	-1.9%	▼	-4.3%	▼
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	39.45	5.3%	▲	-40.2%	▼
Iron Ore (US\$/t)	117.52	-2.2%	▼	28.4%	▲
Coking Coal (US\$/t)	1,334.50	0.0%	—	10.6%	▲
Gold (US\$/oz)	1,951.35	3.9%	▲	28.6%	▲

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