

Weekly Economic Report

9 September 2024

Financial markets charts

The week that was

- There were some large moves in financial markets as weaker US data on employment and manufacturing sector activity heightened concerns the US economy is entering a deeper downturn and the Federal Reserve (Fed) will need to cut rates more aggressively. This contributed to US 10-year bond yields falling 20bps and the S&P500 declining by 4.2%, the largest weekly fall since the US regional banking crisis in March 2023.
- Concerns around the health of the US economy and weak future oil demand, along with ongoing worries about China's economy, saw oil prices fall by almost 10% last week. Concerns around China's future steel demand also continued to weigh on iron ore prices, which have fallen by over 30% since the start of 2024.
- The deterioration in financial market risk sentiment saw the Australian dollar depreciate by 1.4% against the US dollar last week.
- The Australian economy grew by 0.2% in the June quarter and 1% over the year, the weakest annual growth in 30 years (excluding the pandemic). Consumer spending fell unexpectedly, with spending in NSW falling particularly sharply and leading to the NSW economy shrinking in the quarter. Government spending accounted for all of the (modest) growth in the Australian economy in the first half of 2024.
- The Bank of Canada cut interest rates for the third time in this cycle and signalled further rate cuts. In contrast, the Reserve Bank of Australia (RBA) Governor Michelle Bullock reiterated last week the RBA does not expect to cut rates in 2024.

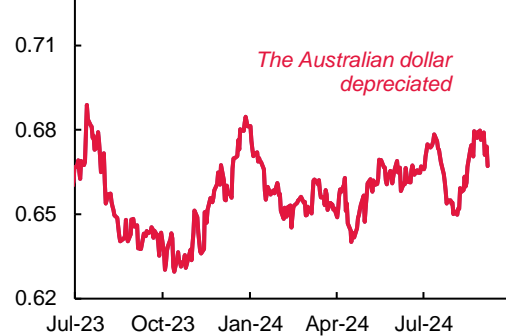
Economic calendar

Monday 09/09	CH: Inflation, Aug JP: GDP, Jun qtr (final)
Tuesday 10/09	AU: Consumer confidence, Sep; NAB Business survey, Aug
Wednesday 11/09	US: CPI, Aug AU: RBA Chief Economist speech
Thursday 12/09	EU: ECB policy decision US: PPI, Aug
Friday 13/09	

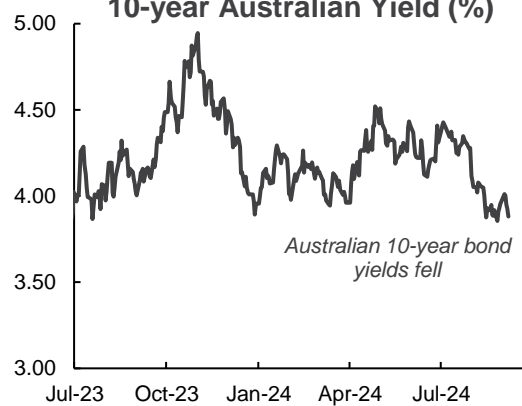
The week ahead

- In a quieter week, US inflation data is expected to show a further easing in inflationary pressures.
- The European Central Bank is expected to deliver its second 25bps rate cut.
- Surveys of consumer and business sentiment will be released for Australia and RBA Chief Economist Sarah Hunter, will give a speech on Wednesday.

AUD/USD



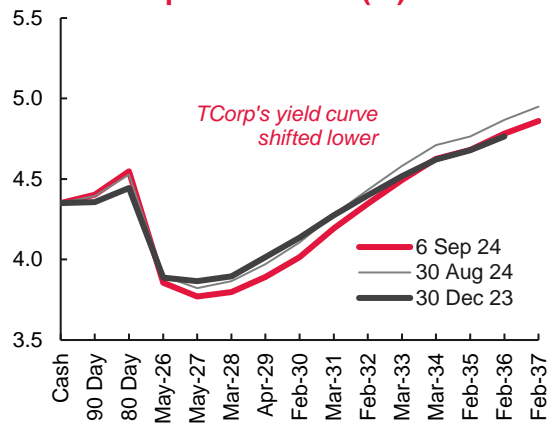
10-year Australian Yield (%)



ASX200 (Index)



TCorp Yield Curve (%)



Financial markets data: Week ending 6 September 2024

INTEREST RATES	CLOSE (%)	1 WEEK (BPS)		YTD (BPS)	
RBA Cash Rate	4.35	0	—	0	—
90-day BBSW	4.40	1	▲	5	▲
3-year Australian Bond Yield	3.50	-5	▼	-11	▼
10-year Australian Bond Yield	3.88	-9	▼	-7	▼
20-year Australian Bond Yield	4.42	-4	▼	18	▲
10-year Australian Break-Even Inflation	2.22	-8	▼	-36	▼
10-year Australian Real Yield	1.67	-1	▼	28	▲
Fed Funds Rate (lower bound)	5.25	0	—	0	—
2-year US Treasury Yield	3.65	-27	▼	-60	▼
10-year US Treasury Yield	3.71	-20	▼	-17	▼
30-year US Treasury Yield	4.02	-18	▼	-1	▼
10-year German Bund Yield	2.17	-13	▼	15	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 20 May 2026	3.86	-4	▼	-3	▼
3.00% 20 May 2027	3.77	-5	▼	-10	▼
3.00% 20 March 2028	3.80	-7	▼	-10	▼
3.00% 20 April 2029	3.89	-8	▼	-12	▼
3.00% 20 February 2030	4.02	-9	▼	-12	▼
2.00% 20 March 2031	4.19	-9	▼	-8	▼
1.50% 20 February 2032	4.35	-9	▼	-5	▼
2.00% 8 March 2033	4.49	-9	▼	-2	▼
1.75% 20 March 2034	4.62	-9	▼	0	▲
4.75% 20 February 2035	4.68	-9	▼	0	▲
4.25% 20 February 2036	4.78	-9	▼	2	▲
4.75% 20 February 2037	4.86	-9	▼	--	--
2.75% 20 November 2025 CIB	1.52	-3	▼	46	▲
2.50% 20 November 2035 CIB	2.34	-2	▼	28	▲
10-year NSW TCorp Bond Yield	4.62	-8	▼	7	▲
10-year TCV (Victoria) Spread	0.08	-1	▼	-3	▼
10-year QTC (Queensland) Spread	0.00	0	—	8	▲
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	8,013	-1.0%	▼	5.6%	▲
S&P500 (US)	5,408	-4.2%	▼	13.4%	▲
FTSE 100 (UK)	8,181	-2.3%	▼	5.8%	▲
DJ Stoxx600 (Europe)	507	-3.5%	▼	5.8%	▲
Nikkei 225 (Japan)	36,391	-5.8%	▼	8.7%	▲
Shanghai Composite (China)	2,766	-2.7%	▼	-7.0%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.667	-1.4%	▼	-2.1%	▼
EUR/USD	1.108	0.3%	▲	0.4%	▲
USD/JPY	142.30	-2.6%	▼	0.9%	▲
GBP/USD	1.31	0.0%	▲	3.1%	▲
US\$ Index	101.18	-0.5%	▼	-0.2%	▼
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	71.06	-9.8%	▼	-7.8%	▼
Iron Ore (US\$/t)	91.77	-7.0%	▼	-32.7%	▼
Coking Coal (US\$/t)	173.97	-3.0%	▼	-36.9%	▼
Gold (US\$/oz)	2,497.41	-0.2%	▼	21.1%	▲

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

Emily Perry
Senior Economist
emily.perry@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 99 235 825

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