

Financial markets charts

The week that was

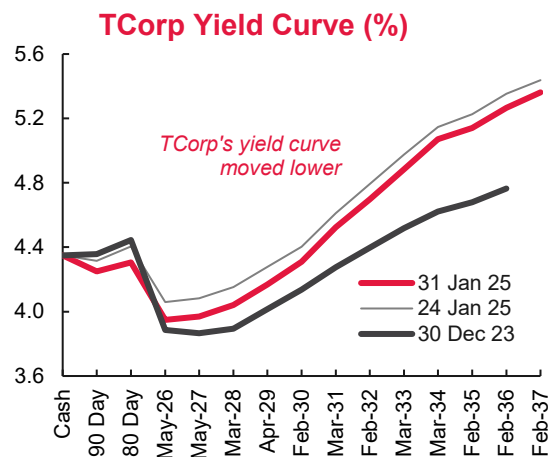
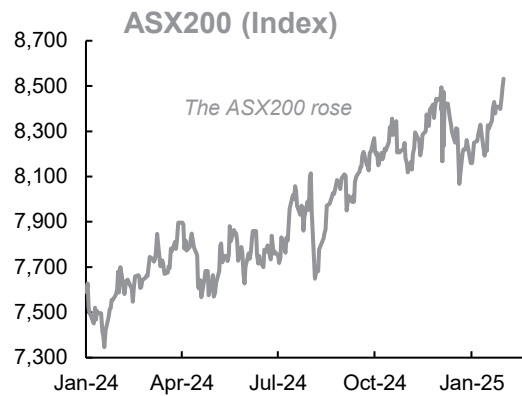
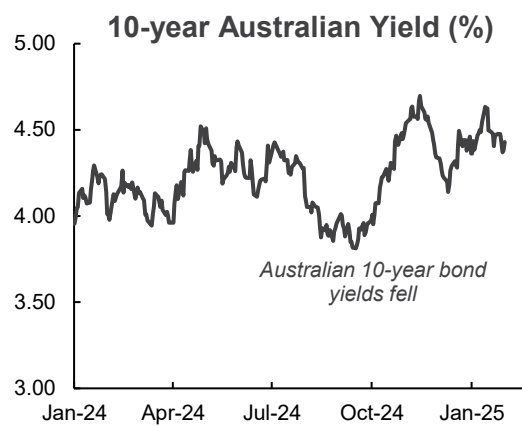
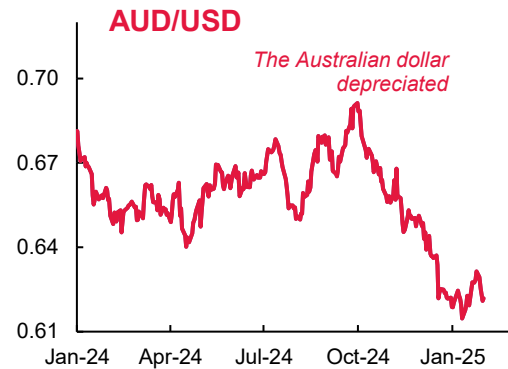
- In Australia, underlying inflation looks to be falling quicker than the Reserve Bank of Australia (RBA) had expected. This, combined with weak economic activity and slowing wages growth, should provide the RBA with more confidence that inflation is falling sustainably towards 2.5%. Investors now think that the RBA will commence its easing cycle in February and cut interest rates 3 times in 2025 (-75bps). Australian 10-year yields ended the week 5bps lower and the ASX200 rose 1.5%.
- The US Federal Reserve (Fed) left interest rates on hold. It reiterated that it expects to proceed cautiously with future rate cuts in light of a strong US economy, inflation still above target, and heightened uncertainty around government policies. US 10-year bond yields fell 8bps last week.
- The US S&P500 declined 1%, dragged down by the US announcing tariffs on Canada, Mexico and China. There were also large falls in some AI-related stocks after news about DeepSeek surfaced.
- The Australian dollar depreciated by 1.5% against the US dollar, to just above US\$0.62.

Economic calendar

Monday 3/2	US: ISM Manufacturing, Jan AU: Retail sales values, Dec; Retail sales volumes, Q4 EC: CPI, Jan
Tuesday 4/2	
Wednesday 5/2	US: ISM Services, Jan
Thursday 6/2	UK: Bank of England policy decision
Friday 7/12	US: Non-farm payrolls, Jan

The week ahead

- The key data this week is US non-farm payrolls. The resilience of the US labour market is expected to continue, which is underpinning investors' expectations that the Fed will only cut interest rates twice more in this easing cycle.
- The Bank of England is expected to cut rates by another 25bps (to 4.50%), which would be its third rate cut in this easing cycle. Inflation data in Europe will also be closely watched.
- Locally, retail spending data for the December quieter will be released, providing an update on consumer spending. In contrast to the US, consumer spending in Australia has been very weak (particularly considering how strong Australia's population growth has been).



Financial markets data: Week ending 31 January 2025

INTEREST RATES	CLOSE (%)	1 WEEK (BPS)		YTD (BPS)	
RBA Cash Rate	4.35	0	–	0	–
90-day BBSW	4.25	-7	▼	-17	▼
3-year Australian Bond Yield	3.82	-9	▼	0	▼
10-year Australian Bond Yield	4.43	-5	▼	7	▲
20-year Australian Bond Yield	4.91	-3	▼	10	▲
10-year Australian Break-Even Inflation	2.31	0	▼	-2	▼
10-year Australian Real Yield	2.12	-4	▼	9	▲
Fed Funds Rate (lower bound)	4.25	0	–	0	–
2-year US Treasury Yield	4.20	-7	▼	-4	▼
10-year US Treasury Yield	4.54	-8	▼	-3	▼
30-year US Treasury Yield	4.79	-6	▼	1	▲
10-year German Bund Yield	2.46	-11	▼	9	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 20 May 2026	3.95	-11	▼	-6	▼
3.00% 20 May 2027	3.97	-11	▼	-3	▼
3.00% 20 March 2028	4.04	-11	▼	-3	▼
3.00% 20 April 2029	4.17	-11	▼	0	▼
3.00% 20 February 2030	4.31	-9	▼	0	▲
2.00% 20 March 2031	4.52	-9	▼	3	▲
1.50% 20 February 2032	4.70	-10	▼	3	▲
2.00% 8 March 2033	4.88	-9	▼	5	▲
1.75% 20 March 2034	5.07	-8	▼	7	▲
4.75% 20 February 2035	5.14	-9	▼	7	▲
4.25% 20 February 2036	5.27	-9	▼	8	▲
4.75% 20 February 2037	5.36	-8	▼	9	▲
2.75% 20 November 2025 CIB	2.54	-8	▼	-4	▼
2.50% 20 November 2035 CIB	2.70	-4	▼	4	▲
10-year NSW TCorp Bond Yield	5.12	-8	▼	57	▲
10-year TCV (Victoria) Spread	0.05	-1	▼	-6	▼
10-year QTC (Queensland) Spread	0.08	-1	▼	16	▲
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	8,532	1.5%	▲	4.6%	▲
S&P500 (US)	6,041	-1.0%	▼	2.7%	▲
FTSE 100 (UK)	8,674	2.0%	▲	6.1%	▲
DJ Stoxx600 (Europe)	540	1.8%	▲	6.3%	▲
Nikkei 225 (Japan)	39,572	-0.9%	▼	-0.8%	▼
Shanghai Composite (China)	3,251	-0.1%	▼	-3.0%	▼
Currencies	Close	1 Week		YTD	
AUD/USD	0.622	-1.5%	▼	0.5%	▲
EUR/USD	1.036	-1.3%	▼	0.1%	▲
USD/JPY	155.19	-0.5%	▼	-1.3%	▼
GBP/USD	1.24	-0.7%	▼	-1.0%	▼
US\$ Index	108.37	0.9%	▲	-0.1%	▼
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	76.76	-2.2%	▼	2.8%	▲
Iron Ore (US\$/t)	101.59	0.0%	–	-1.9%	▼
Coking Coal (US\$/t)	138.31	-3.8%	▼	-0.8%	▼
Gold (US\$/oz)	2,798.41	1.0%	▲	6.6%	▲

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