

The week that was

- Australian employment growth surprised to the upside in December, with the unemployment rate falling from 4.3% to 4.1%. Although monthly data is volatile, it was interpreted as strengthening the case for a rate hike by the Reserve Bank of Australia (RBA) at its February meeting. This saw Australian 3-year bond and 10-year bond yields end the week 16bps and 11bps higher, respectively.
- In contrast, US bond yields were little changed last week. The divergence between US and Australian 10-year bond yields remains unusually large, at around +60bps.
- Geopolitics and President Trump's comments about Greenland caused some volatility and weighed on equity markets. The US S&P500 fell by 0.4% and the ASX200 declined by 0.5%.
- The ongoing geopolitical uncertainty helped the price of gold rise strongly again last week, to exceed US\$5000 per ounce on Monday. The price of silver is also at a record high.
- Higher Australian bond yields, combined with the US dollar weakening against a broad range of currencies, saw the Australian dollar rise strongly to just under US\$0.69 – its highest level since September 2024.

Economic calendar

Monday 26/01	
Tuesday 27/01	US: Federal Reserve Policy Decision AU: NAB Business Survey, Dec
Wednesday 28/01	AU: CPI, Q4
Thursday 29/01	US: PPI, Dec
Friday 30/01	EU: GDP, Q4 (advance read) AU: PPI, Q4

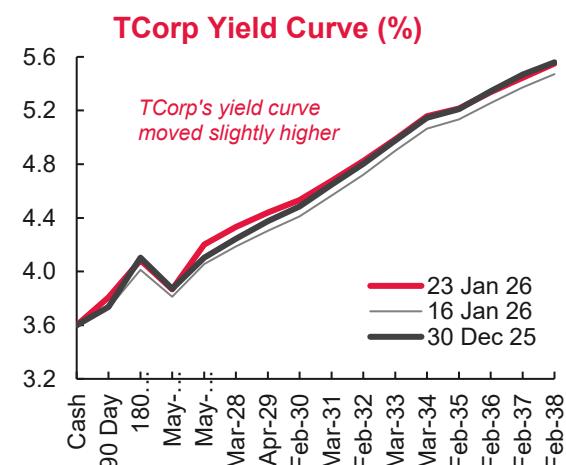
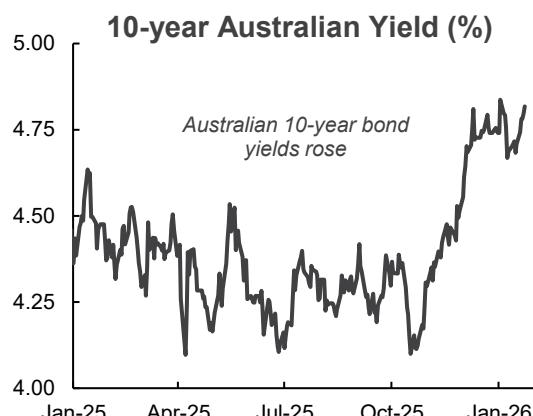
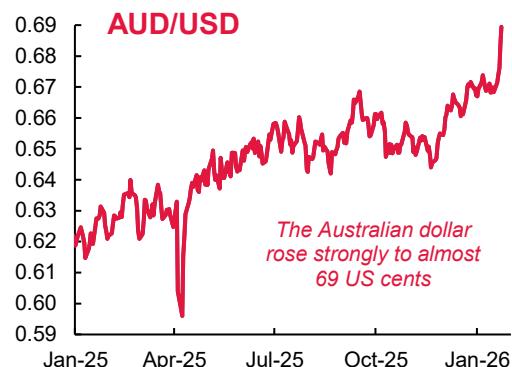
The week ahead

- The focus locally will be on Australian Q4 inflation data, which will be key for the RBA ahead of its policy meeting in early February.
- Central banks in the US and Canada meet, with both expected to leave interest rates on hold.
- US corporate earnings reports will be closely watched, with Microsoft, Meta, Tesla and Apple reporting this week.

Weekly economic report

27 January 2025

Financial markets charts



Financial markets data: Week ending 23 January 2026

INTEREST RATES	CLOSE (%)	1 WEEK (BPS)	YTD (BPS)
RBA Cash Rate	3.60	0	-
90-day BBSW	3.81	8	7
3-year Australian Bond Yield	4.26	16	13
10-year Australian Bond Yield	4.82	11	8
20-year Australian Bond Yield	5.27	10	8
10-year Australian Break-Even Inflation	2.36	5	5
10-year Australian Real Yield	2.46	6	3
Fed Funds Rate (lower bound)	3.50	0	0
2-year US Treasury Yield	3.59	1	12
10-year US Treasury Yield	4.23	0	6
30-year US Treasury Yield	4.83	-1	-2
10-year German Bund Yield	2.91	7	5
NSW TCorp Bonds	Close (%)	1 Week (bps)	YTD (bps)
4.00% 20 May 2026	3.87	5	-1
3.00% 20 May 2027	4.20	15	9
3.00% 20 March 2028	4.33	14	8
3.00% 20 April 2029	4.44	14	6
3.00% 20 February 2030	4.53	12	5
2.00% 20 March 2031	4.68	11	3
1.50% 20 February 2032	4.82	10	2
2.00% 8 March 2033	4.99	9	2
1.75% 20 March 2034	5.16	9	2
4.75% 20 February 2035	5.21	8	1
4.25% 20 February 2036	5.34	8	0
4.75% 20 February 2037	5.44	7	-2
5.25% 24 February 2038	5.55	8	-1
2.50% 20 November 2035 CIB	2.91	4	3
10-year NSW TCorp Bond Yield	5.30	8	1
10-year TCV (Victoria) Spread	0.06	0	0
10-year QTC (Queensland) Spread	0.06	0	-1
Equities	Close	1 Week	YTD
S&P/ASX200 (Australia)	8,860	-0.5%	1.7%
S&P500 (US)	6,916	-0.4%	1.0%
FTSE 100 (UK)	10,143	-0.9%	2.1%
DJ Stoxx600 (Europe)	608	-1.0%	2.7%
Nikkei 225 (Japan)	53,847	-0.2%	7.0%
Shanghai Composite (China)	4,136	0.8%	4.2%
Currencies	Close	1 Week	YTD
AUD/USD	0.689	3.2%	3.3%
EUR/USD	1.183	2.0%	0.7%
USD/JPY	155.70	-1.5%	-0.6%
GBP/USD	1.36	2.0%	1.2%
US\$ Index	97.60	-1.8%	-0.7%
Commodities	Close	1 Week	YTD
Brent Oil (US\$/bbl)	65.88	2.7%	8.3%
Iron Ore (US\$/t)	105.87	-1.0%	-1.2%
Coking Coal (US\$/t)	149.57	-5.5%	-0.1%
Gold (US\$/oz)	4,987.49	8.5%	15.5%

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

Disclaimer

The opinions, forecasts and data contained in this report is based on the research of TCorp as at the date of publication and is subject to change without notice. TCorp is not responsible for the accuracy, adequacy, completeness of any information in the report provided by third parties. This report is provided for general information purposes only and should not be relied upon for investment or trading purposes. This report is not intended to forecast or predict future events.

Unauthorised copying and distribution of this material is prohibited.

© New South Wales Treasury Corporation 2025. All rights reserved.

About TCorp

TCorp provides best-in-class investment management, financial management, solutions and advice to the New South Wales (NSW) public sector. TCorp is NSW's sovereign investment manager, responsible for A\$119 billion of assets under management and acts as the central borrowing authority of the state, with a balance sheet of A\$196 billion. It is rated Aaa (Stable) by Moody's, AAA (Stable) by Fitch, and AA+ (Negative) by S&P.