

# Market Data Dashboard

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## Review of the week ending 3 September 2010

*Strong Australian GDP data coupled with strong US and Chinese economic data saw bonds sell off and stocks trade higher. The RBA meets this week with no change expected.*

### Economic data

In Australia, company profits (2Q) rose 18.9%, to be 27.5% higher over the past year. The current account deficit (2Q) was \$A5.6 billion (1.9% of GDP). Retail sales (Jul) rose 0.7%. Dwelling approvals (Jul) rose 2.3%. RBA credit growth (Jul) rose by 0.1%, up 2.8% over the year. Real GDP growth (2Q) was 1.2%, which saw annual growth pick up to 3.3% year-on-year. The trade surplus (Jul) narrowed to \$1.9 billion.

US data showed some improvement. Consumer spending (Jul) rose by 0.4%. Personal income (Jul) rose by 0.2% and personal spending grew by 0.4%. The core PCE deflator (Jul) rose 0.1%, up 1.4% over the year. Consumer confidence (Aug) rose from 51.0 to 53.5. The Chicago PMI (Aug) eased from 62.3 to 56.7. The ISM manufacturing index (Aug) increased to 56.3 from 55.5 in July. Non-farm payrolls (Aug) fell 54,000 leaving the unemployment rate at 9.6%.

### Rates

Australian bond yields increased over the week. The Australian market continues to be led by offshore moves. Front end yields increased the most as investors scaled back rate cuts that had been priced into the market.

Australian two-year yields rose 0.05% to 4.37% while 10-year yields increased 0.03% to 4.84%.

US treasuries were mixed. The market is extremely volatile at the moment, with volatility led by the long-end. The FOMC minutes showed a somewhat less unified Committee which was not prepared to advance the Fed toward a second round of QE beyond maintaining the size of the Fed's current security holdings. Fears of a double-dip recession eased in response to positive economic data.

Two-year US treasuries fell 0.04% to close at 0.51% while 10-year yields increased 0.05% to close at 2.70%.

### Credit

Better economic data and strong equity markets helped credit spreads to narrow. The indices outperformed the cash market as sentiment improved. The SEC decided not to pursue a fraud case against Moody's over its ratings of CDOs in 2007.

The Aussie iTraxx narrowed 6 bps to 122, down from the week's peak of 132 bps. Offshore indices outperformed the domestic market.

### Other Markets

Crude oil fell 0.8% to US\$74.62 per barrel while gold finished 1.2% higher at US\$1,253. The CRB commodity price index rose 0.8% to close at 459.

The AUD/USD rose to its highest level in four weeks closing 2.4% higher at USD 0.910 cents. The EUR/USD rallied 1.0% to \$1.284 while the GBP/USD underperformed closing 0.8% lower at 1.540.

Equity markets surged higher supported by US and Chinese economic data and investor optimism that the US economy would not fall back into recession. The S&P 500 increased 3.7% to close at 1,105. The FTSE jumped 4.4% to finish at 5,428 while the ASX200 closed 3.9% higher at 4,541.

### The week ahead

In Australia, the RBA announces the cash rate target on Tuesday (no change expected). On Thursday we get August employment data (market expects +25,000).

In the US, the calendar is very light with the Fed's Beige Book released on Thursday along with consumer credit, the trade balance and initial jobless claims.

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The Market Data Dashboard on the next page provides an overview of changes in key market rates and prices over the week and the month. Particular focus is given to fixed income markets, but there is also some currency, commodity and equity market data. The dashboard provides start and end values for each period as well as "sparkline" charts which provide an indication of the path of changes over the period.

### For more information:

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**BlackRock Australia Fixed Income**

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			Week						Month							
			27-Aug	3-Sep	Move	%	Min	Max	Range	4-Aug	3-Sep	Move	%	Min	Max	Range
Rates	Australia	RBA Cash	4.50	4.50	0.00		4.50	4.50	0.00	4.50	4.50	0.00		4.50	4.50	0.00
		12m Implied Cash*	4.38	4.49	0.11		4.30	4.49	0.19	4.64	4.49	-0.15		4.30	4.71	0.41
		30 day BBSW	4.61	4.61	0.00		4.60	4.64	0.04	4.64	4.61	-0.03		4.59	4.64	0.05
		90 day BBSW	4.75	4.72	-0.03		4.70	4.76	0.06	4.73	4.72	-0.01		4.70	4.78	0.08
		2Y Govt Bond	4.32	4.37	0.05		4.24	4.37	0.13	4.55	4.37	-0.18		4.24	4.60	0.36
		10Y Govt Bond	4.81	4.84	0.03		4.76	4.84	0.08	5.14	4.84	-0.30		4.76	5.15	0.39
		3-10 Fut. Curve	42.0	43.0	1.0		40.5	47.0	6.5	49.5	43.0	-6.5		38.5	49.5	11.0
		Aug-2020 Real Yield	2.33	2.34	0.01		2.32	2.36	0.04	2.57	2.34	-0.23		2.31	2.57	0.26
	US	Fed Funds Target	0.25	0.25	0.00		0.25	0.25	0.00	0.25	0.25	0.00		0.25	0.25	0.00
		12m Implied Target*	0.39	0.43	0.03		0.39	0.45	0.06	0.55	0.43	-0.12		0.37	0.55	0.18
		2Y Treasury	0.55	0.51	-0.04		0.47	0.55	0.08	0.56	0.51	-0.05		0.46	0.56	0.10
		10Y Treasury	2.64	2.70	0.05		2.47	2.70	0.23	2.95	2.70	-0.25		2.47	2.95	0.48
		2-10 Curve	210	219	9		200	219	19	239	219	-20		196	239	43
		10Y Real Yield	1.02	1.02	0.00		0.92	1.02	0.10	1.10	1.02	-0.08		0.90	1.10	0.20
Aus/US	2Y Spread	377	386	9		377	386	9	399	386	-13		377	404	26	
	10Y Spread	216	214	-2		229	231	1	219	214	-4		229	220	-9	
UK	BoE Bank Rate	0.50	0.50	0.00		0.50	0.50	0.00	0.50	0.50	0.00		0.50	0.50	0.00	
Euro	ECB Refi Rate	1.00	1.00	0.00		1.00	1.00	0.00	1.00	1.00	0.00		1.00	1.00	0.00	
Credit	Australia	Aus iTraxx	128	122	-6		122	131	9	109	122	13		109	131	22
		AAA 5Y vs Bond	74	77	4		72	77	-5	69	77	8		68	79	-12
		BBB 5Y vs Bond	314	314	0		308	317	-9	332	314	-19		308	341	-33
	US	CDX Inv. Grade	111	104	-8		104	114	11	99	104	4		99	115	15
		CDX High Yield	590	554	-35		554	607	53	533	554	21		533	607	75
Euro	Euro iTraxx	118	105	-12		105	118	12	99	105	7		99	118	19	
Currencies	AUD/USD		0.889	0.910	0.021	2.4%	0.889	0.910	0.021	0.914	0.910	-0.004	-0.4%	0.884	0.918	0.035
	EUR/USD		1.272	1.284	0.012	1.0%	1.269	1.284	0.015	1.322	1.284	-0.038	-2.9%	1.261	1.326	0.065
	GBP/USD		1.552	1.540	-0.012	-0.8%	1.539	1.555	0.016	1.593	1.540	-0.053	-3.4%	1.539	1.596	0.057
	USD/JPY		84.7	84.5	-0.2	-0.2%	84.0	84.7	0.6	85.5	84.5	-1.0	-1.1%	84.0	86.1	2.1
	AUD/JPY		75.2	76.9	1.6	2.2%	75.1	76.9	1.8	78.1	76.9	-1.2	-1.6%	74.6	78.9	4.3
Comds	Oil	WTI Crude	75.2	74.6	-0.6	-0.8%	71.9	75.2	3.3	82.5	74.6	-7.9	-9.5%	71.2	82.5	11.3
	Gold	US\$	1,238	1,253	15	1.2%	1,234	1,253	19	1,195	1,253	57	4.8%	1,195	1,253	58
	All	CRB Index	455	459	4	0.8%	455	459	4	444	459	15	3.4%	443	459	16
Equities	Australia	ASX200 Price Index	4,370	4,541	171	3.9%	4,370	4,541	171	4,542	4,541	-1	-0.0%	4,320	4,595	275
	US	S&P500 Price Index	1,065	1,105	40	3.7%	1,049	1,105	56	1,127	1,105	-23	-2.0%	1,047	1,128	81
	Japan	Nikkei 225 Price Index	8,991	9,114	123	1.4%	8,824	9,149	325	9,489	9,114	-375	-4.0%	8,824	9,654	830
	UK	FTSE 100 Price Index	5,202	5,428	227	4.4%	5,202	5,428	227	5,386	5,428	42	0.8%	5,109	5,428	319