

| Interest Rates (%) | | | FX | | | Commodities US\$ | | |
|----------------------|------|-------------|------------------------------------|-----------|-------|--------------------------|---------|----------|
| Australia | | Δ bp | AUD/USD | 0.6527 | 0.9% | WTI Crude Oil | 79.20 | -\$1.99 |
| 90-day Bill | 4.41 | 1 | AUD/JPY | 101.76 | -0.3% | Brent Crude Oil | 83.63 | -\$2.01 |
| 3-year Bond | 4.09 | 1 | AUD/EUR | 0.6093 | 0.4% | Mogas95* | 98.52 | -\$5.03 |
| 10-year Bond | 4.48 | 0 | AUD/GBP | 0.5209 | 0.6% | CRB Index | 285.44 | -6.02 |
| | | | AUD/NZD | 1.1019 | 0.2% | Gold | 2325.10 | \$35.65 |
| | | | AUD/CNY | 4.7311 | 0.8% | Silver | 26.79 | \$0.46 |
| US | | | EUR/USD | 1.0712 | 0.5% | Iron Ore (62% Fe)** | 115.40 | \$0.35 |
| 2-year | 4.97 | -6 | USD/JPY | 155.91 | -1.2% | Iron Ore (23-24 Average) | 118.95 | -\$0.01 |
| 10-year | 4.63 | -4 | USD/CNY*** | 7.2411 | 0.0% | Copper | 9895.50 | -\$95.50 |
| | | | RBA Policy | | | Equities | | |
| | | | O/N Cash Rate Target | 4.35 | | ASX200 | 7574 | 12 |
| | | | Interbank O/N Cash Rate | 4.32 | | Dow Jones | 37903 | 87 |
| Other 10-year | | | Probability of a 25bps Hike in May | 5.2% | | S&P500 | 5018 | -17 |
| Japan | 0.89 | 1 | RBA Bond Holdings (29 Mar) | A\$335.5b | | Stoxx600 | 504 | -1 |
| Germany | 2.58 | 0 | | | | CSI300*** | 3604 | 0 |
| UK | 4.37 | 2 | | | | | | |

*Mogas95 is the Singapore benchmark petrol price closely linked to Australian domestic fuel prices.

**Iron ore is the second SGX futures contract.

***No change due to a public holiday.

US stocks were mixed last night, with the negative impact of Fed Chair Jerome Powell dismissing discussion on imminent rate cuts on the one hand, and the positive impact of quite solid job figures on the other. The Dow Jones managed to close 0.2% higher, but the S&P 500 and Nasdaq fell by 0.3% and 0.7%, respectively. The announcement of a slower pace of Fed balance sheet reduction saw US Treasury yields decline across the yield curve, while the US dollar depreciated.

The Australian dollar strengthened against all the major currencies except for the Japanese yen. Commonwealth bond yields are little changed since yesterday morning. The ASX 200 dropped 1.2% yesterday, with declines across all market sectors, before opening higher this morning.

As expected, the FOMC left the fed funds rate target range unchanged at 5.25-5.50% this morning. It also slowed the pace of quantitative tightening by reducing the monthly redemption cap on maturing Treasuries on its balance sheet to US\$25b from US\$60b. During the press conference, Fed Chair Powell reiterated that the recent data has not given the FOMC confidence that US inflation is on its path to the 2% goal. He stressed that gaining sufficient confidence to embark on rate cuts 'will [likely] take longer than previously expected'. However, he also said the FOMC does not see a case for an interest rate hike. Following these comments, fed funds rate cut expectations declined a little, but the first cut is still fully priced in for December.

In commodity markets, oil prices declined by around 2.5% in reaction to news of a rise in US crude inventories last week and ongoing hopes for a ceasefire between Israel and Hamas. Iron ore futures rose by 0.6% yesterday.

Data-wise, the US ISM manufacturing PMI declined 1.1pts to 49.2 in April (below 50 = contraction), signalling renewed decline in the sector. The details of the report pointed to a decline in new orders and employment, while prices paid inflation picked up to the highest level since mid-2022. However, the anecdotal information provided in the report was, on balance, a bit more upbeat, with respondents citing 'stable' or even 'strong' business conditions.

US JOLTS job openings declined to 8,488k in March, but were still over 2 million higher than the number of officially unemployed, while separations (quits, layoffs and discharges) saw a slight decline. US ADP employment rose by 192k in April, only slightly less than the upwardly revised 208k in the previous month.

ECONOMIC DATA REVIEW

- **US:** ADP Employment (monthly change, Apr) – Actual 192k, Expected 180k, Previous 208k (revised).
- **US:** JOLTS Job Openings (Mar) – Actual 8,488k, Expected 8,680k, Previous 8,813k (revised).
- **US:** ISM Manufacturing PMI (Apr) – Actual 49.2, Expected 50.0, Previous 50.3.

ECONOMIC DATA PREVIEW

- **AU:** Dwelling Approvals (MoM, Mar) – Expected 3.4%, Previous -1.9%.
- **AU:** Trade Balance (Mar) – Expected A\$7,300m, Previous A\$7,280m.
- **US:** Initial Jobless Claims (w/e 27 Mar) – Expected 211k, Previous 207k.

Disclaimer

Any opinions, judgments, conclusions, forecasts, predictions or estimations contained in this advice are made in reliance on information provided to Western Australian Treasury Corporation which Western Australian Treasury Corporation believes to be reliable. Western Australian Treasury Corporation, however, cannot guarantee the accuracy of that information. Thus, any recommendations are made in good faith but are provided only to assist you with any decisions which you make. These recommendations are not intended to be a substitute for professional advice on a particular matter. Before accepting or rejecting those recommendations you must discuss your particular needs and circumstances with Western Australian Treasury Corporation.