

THIS WEEK'S HIGHLIGHTS

- In Australia, the monthly CPI indicator suggested that consumer price inflation was unchanged at 3.4% in February. Retail trade growth slowed in February, while private sector credit saw another broad-based increase. Job vacancies saw a big fall in the three months to February. Westpac consumer sentiment declined in March.
- Abroad, US durable goods orders rose in February, which followed a strong decline in the previous month. US Conference Board consumer confidence was steady in March. The Case-Shiller house price index for the 20 major US cities rose to a fresh record high in January.

NEXT WEEK'S HIGHLIGHTS

- The next week's domestic calendar is again packed, with RBA Board minutes and the CoreLogic house price index for March on Tuesday, dwelling approvals for February on Thursday and the goods trade report for February on Friday.
- A busy week offshore too, with US employment figures as well as the US and Chinese PMIs; all these releases are for March.

Central Bank Rates (%)	Weekly Change	Australian Interest Rates (%)	Weekly Change	Major Overseas Interest Rates (%)	Weekly Change	Global Equities	Weekly Change
Australia	4.35 (0 pt)	O/N Interbank Cash	4.32 (0 pt)	USD 3-month	5.57 (↓2 pt)	ASX200	7894 (↑155 pt)
US (IOR)	5.40 (0 pt)	90-day Bills	4.34 (↓1 pt)	2-yr T-Notes	4.61 (↓1 pt)	S&P500	5248 (↑6 pt)
Eurozone	4.00 (0 pt)	3-yr T-Bond	3.64 (↓6 pt)	10-yr T-Notes	4.21 (↓5 pt)	DJIA	39760 (↓21 pt)
UK	5.25 (0 pt)	10-yr T-Bond	3.99 (↓8 pt)	Jap 10-yr	0.72 (↓3 pt)	Nikkei	40283 (↓586 pt)
Japan (Lower)	0.00 (0 pt)	3-yr WATC Bond	3.93 (↓7 pt)	UK 10-yr	3.93 (↓6 pt)	CSI300	3514 (↓33 pt)
China (1Y LPR)	3.45 (0 pt)	10-yr WATC Bond	4.56 (↓10 pt)	Ger 10-yr	2.29 (↓11 pt)	Stoxx600	512 (↑2 pt)

Changes are since the issue of last week's Market Watch.

FINANCIAL MARKETS OVERVIEW

Interest Rates

Government bond yields declined across the board this week, with little in the way of major economic data releases to provide guidance. Traders are awaiting information on US PCE price inflation, that is targeted by the Fed, scheduled for a release tomorrow night. The consensus forecast is for little change in the headline and core PCE inflation rates at levels somewhat above the Fed's 2% goal.

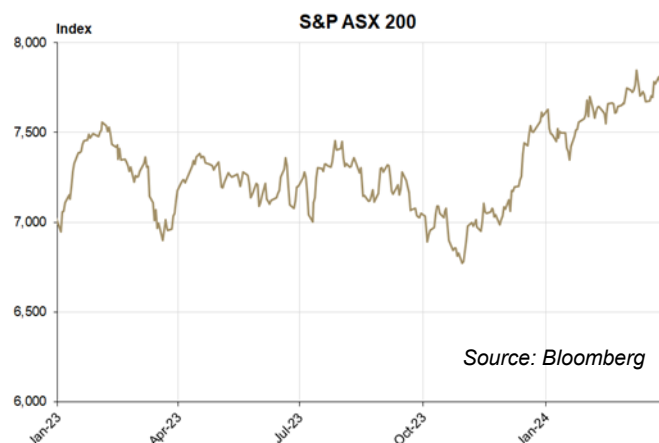
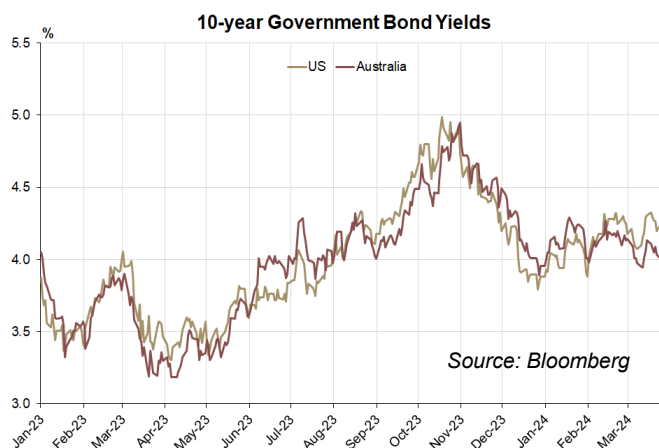
Fedspeak was quite mixed this week. While Chicago Fed President Austan Goolsbee spoke in favour of three fed funds rate cuts, Atlanta Fed President Raphael Bostic said that he supports only one rate cut this year. Fed Governor Christopher Waller voiced an opinion that there is no rush to cut rates in 2024.

Aussie bond yields declined somewhat more than their US equivalents, reflecting a slight downside surprise to the monthly CPI indicator this week. The details of the report were mixed, however, and imply no change in the RBA's stance of 'not ruling anything in or out'.

Equities

US equities, which so often set the tone for global markets, are mainly higher in this holiday-shortened week, with the S&P 500 currently sitting at a record high. However, all of the gains came in the overnight session, following three consecutive days of losses. All the major industry sectors are higher than this time last week, with the exception of info tech.

The Aussie market has been an outperformer, rising in three out of the past four days, if you include today's strong increase, with the ASX 200 currently sitting at a record high. Info tech was the only Aussie industry sector to be in the red since the last edition of Market WATCH, while energy, real estate, health, consumer staples and mining have seen the strongest increases.



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WESTERN AUSTRALIAN TREASURY CORPORATION

Market WATCH Weekly

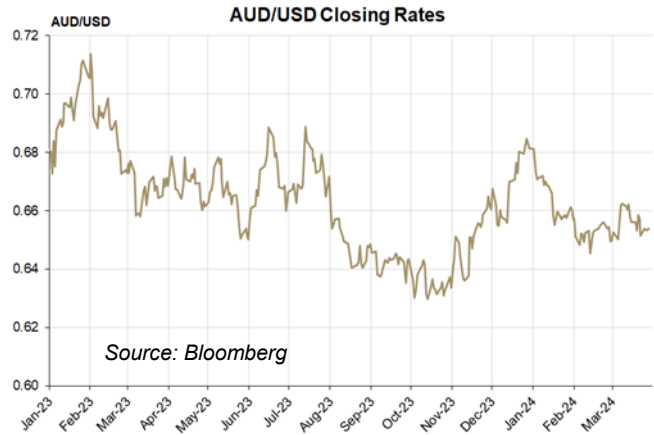
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Currencies

The AUD/USD closed last week at US\$0.6515 and climbed to as high as US\$0.6577 on Tuesday amid a drop in the greenback, but slipped again as the big dollar stabilised.

The currency has looked shaky at times over the past day or so, including a short-term drop to as low as US\$0.6511 after the Aussie Monthly CPI indicator, however, a rally this morning has pushed the AUD higher against most of the majors except the Japanese yen.

The JPY has gathered a few headlines this week, with the Japanese Ministry of Finance warning that it may intervene to support the currency, after it fell to a fresh 34-year low against the greenback.



Spot Rates		Current	High	Low	Change (%)	52-Week High	52-Week Low
AUD/USD		0.6537	0.6577	0.6510	↑0.1	0.6900	0.6270
AUD/EUR		0.6040	0.6053	0.6016	↑0.3	0.6310	0.5007
AUD/GBP		0.5176	0.5193	0.5160	↑0.2	0.5480	0.5007
AUD/JPY		98.90	99.71	98.48	↓0.2	100.17	87.59
AUD/CNY		4.7003	4.7348	4.6761	↓0.4	4.9348	4.5489
EUR/USD		1.0822	1.0868	1.0802	↓0.2	1.1276	1.0448
GBP/USD		1.2631	1.2675	1.2575	↓0.1	1.3142	1.2037
USD/JPY		151.33	151.97	151.01	↓0.2	151.97	130.64
USD/CNY		7.2261	7.2299	7.1943	↑0.1	7.3499	6.8321

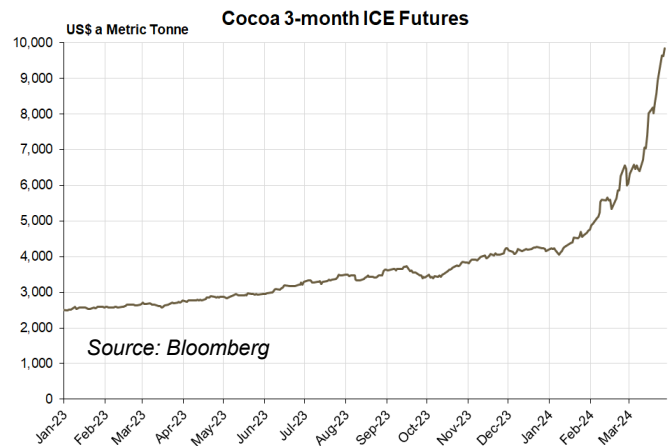
Forward Rates		Spot	3M	6M	12M
AUD/USD		0.6537	0.6554	0.6568	0.6590
AUD/EUR		0.6040	0.6033	0.6021	0.5988
AUD/GBP		0.5176	0.5186	0.5194	0.5204
AUD/JPY		98.90	97.79	96.71	94.70
AUD/NZD		1.0900	1.0927	1.0952	1.0990
AUD/SGD		0.8808	0.8794	0.8777	0.8742

Commodities

Oil prices saw a slight increase this week, amid no shortage of geopolitical tensions, from a terrorist attack in Moscow and more Ukraine drone attacks on Russian refineries to further Houthi attacks and Gaza-Israel ceasefire talks being stuck. Traders are awaiting an OPEC+ meeting next week, during which the participants will discuss compliance with output cuts.

The ongoing geopolitical tensions saw the gold price increase again this week. Iron ore futures resumed to decline amid fresh concerns over the Chinese economic outlook.

However, the most eye-catching news, especially ahead of Easter, were surging cocoa futures, with the May contract reaching an intraday high of US\$10,000 a metric tonne. The rally in cocoa prices is driven by the worst supply deficit in decades amid adverse weather conditions, drought and diseases in Ivory Coast and Ghana, which are the key producers of this commodity.



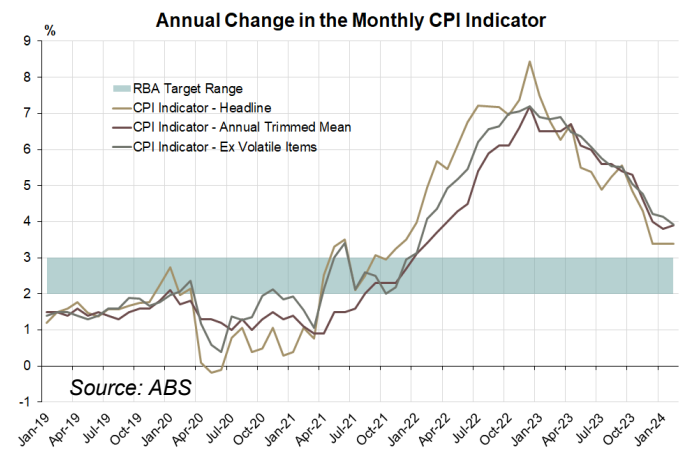
	Current	High	Low	Change	52-Week High	52-Week Low
Gold (US\$)	\$2,194.70	\$2,200.18	\$2,157.16	(↑\$21.93)	\$2,220.89	\$1,810.51
Brent Crude Oil (US\$)	\$86.50	\$87.17	\$85.11	(↑\$1.28)	\$97.69	\$71.28
Mogas95* (US\$)	\$103.96	\$106.05	\$101.63	(↑\$0.05)	\$110.15	\$79.06
WTI Oil (US\$)	\$81.88	\$82.48	\$80.42	(↑\$1.34)	\$95.03	\$63.64
CRB Index	286.76	288.94	285.52	(↑0.2)	290.29	253.85
Iron Ore Price 62% Fe (US\$) **	\$100.95	\$109.85	\$100.25	(↓\$5.75)	\$143.50	\$94.00

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

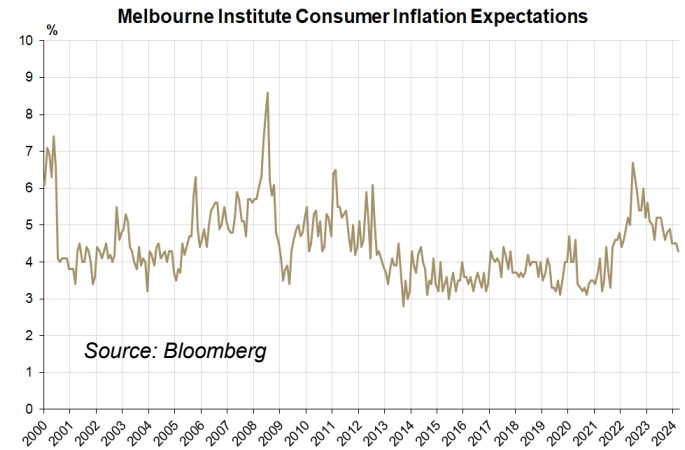
** The Iron Ore Price is the SGX 62%Fe iron ore futures 2nd contract.

DOMESTIC ECONOMY

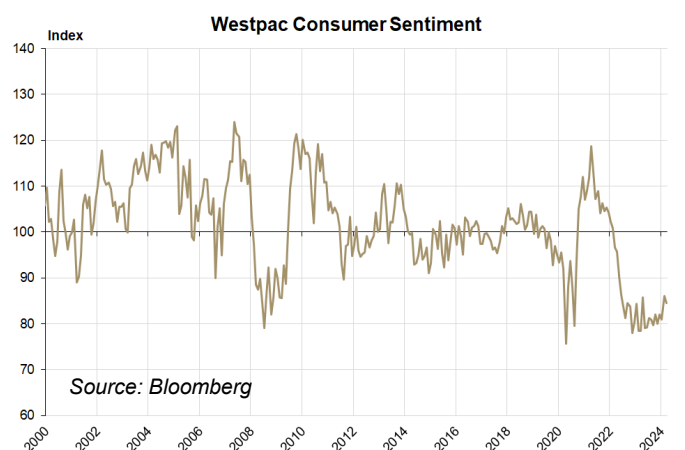
The **monthly CPI indicator** suggested headline inflation was steady and trimmed mean inflation rose in February.



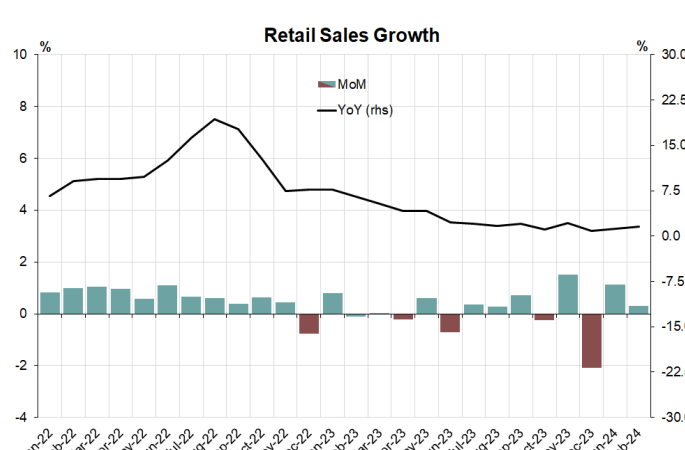
Consumer inflation expectations are on a decline, but remain well above pre-COVID levels.



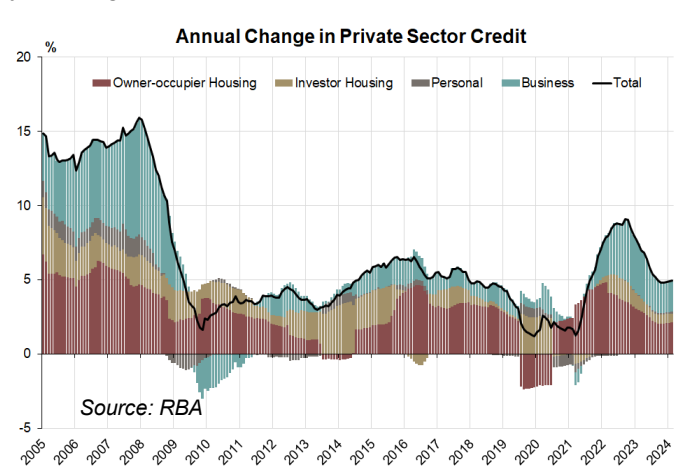
Despite a decline in inflation and inflation expectations, **Aussie consumers** continue to see a glass half empty...



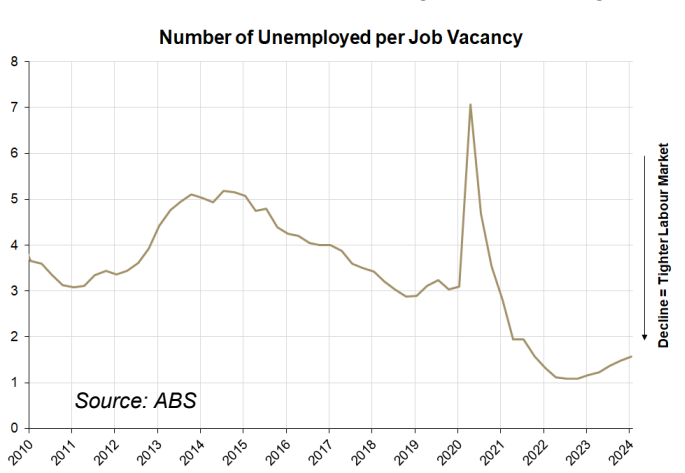
... which was reflected in renewed weakness in **retail sales** in February.



Private sector credit growth has stabilised after year-long deceleration.

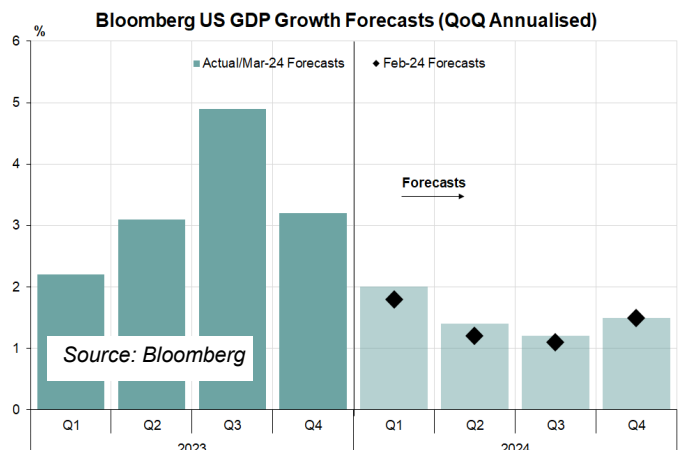


The quarterly **job vacancy report** confirmed that Aussie labour market conditions are easing, but remain tight.

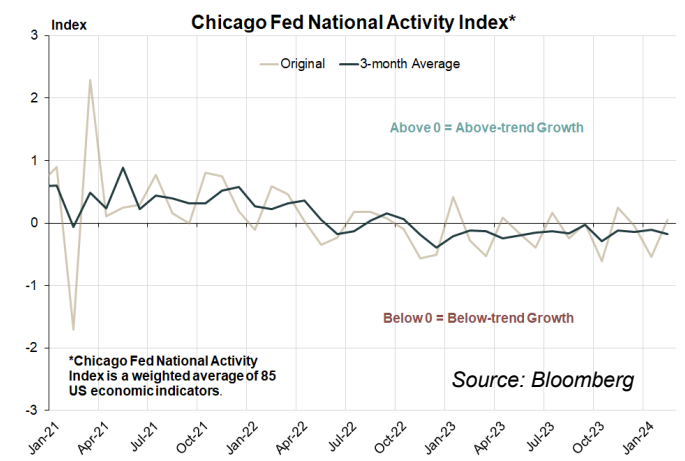


GLOBAL ECONOMY

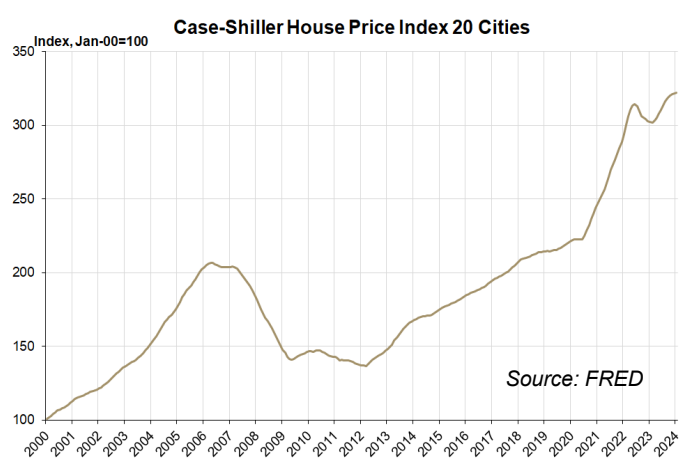
The latest **US Bloomberg GDP growth** median forecasts were upgraded somewhat for the coming quarters.



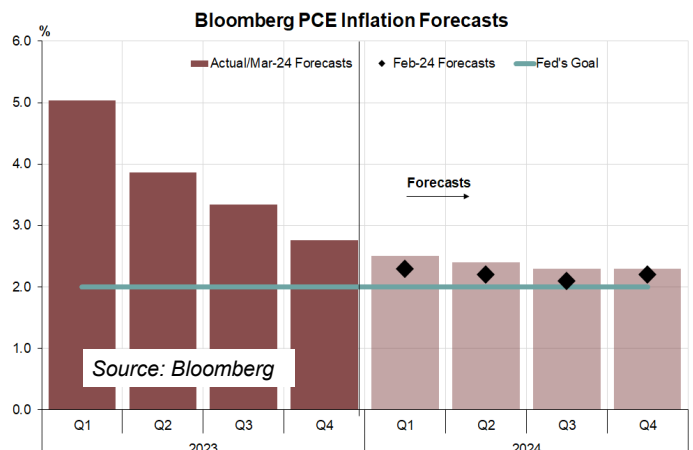
Chicago Fed National Activity Index suggests the US economy is growing at a close-to-average pace.



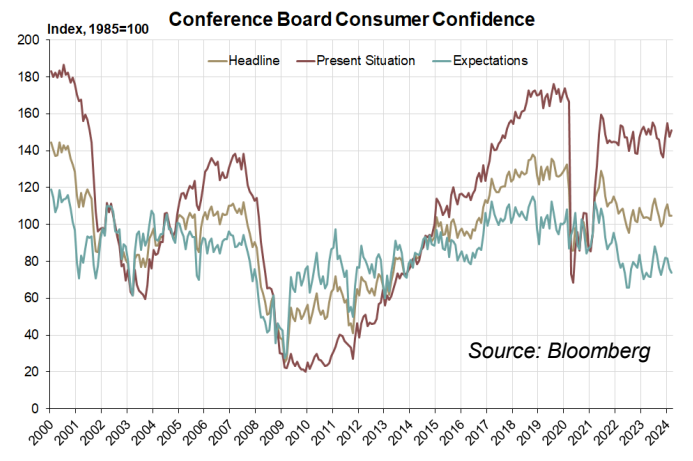
US house prices rose to a fresh record high in January, but the pace of growth has slowed.



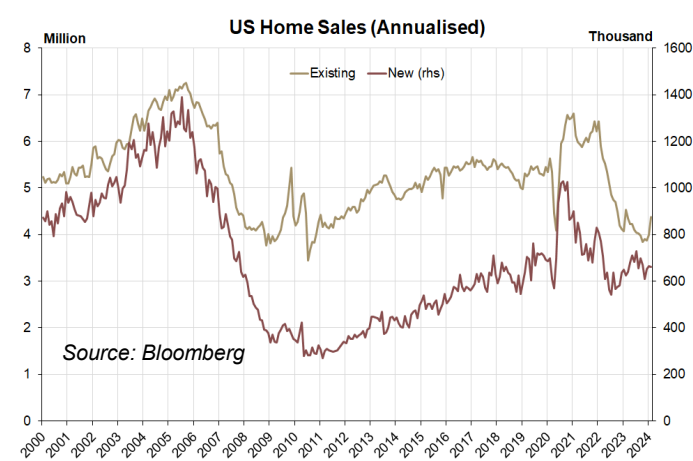
US Bloomberg inflation forecasts were also revised upwards.



Conference Board consumer confidence has been moving sideways for three years.



US new home sales remain moderate, while existing home sales surged in February but are still weak.



WESTERN AUSTRALIAN TREASURY CORPORATION

Market WATCH Weekly

28 March 2024

KEY ECONOMIC EVENTS

Last Week

Event	Actual	Forecast	Previous	Comment
Mon 25	<i>No market-moving data.</i>			
Tue 26				
AU Westpac Cons. Sent. (MoM, Mar)	-1.8%	-	6.2%	Unemployment expectations a picked up a little.
US Durable Goods Orders (MoM, Feb)	1.4%	1.0%	-6.9%	Core capital goods rose by 0.7%.
US C-S Hse Price Index (YoY, Jan)	0.1%	0.2%	0.3%	Up 6.6% YoY.
US Conf. Board Cons. Conf. (Mar)	104.7	107.0	104.8	January figures revised downwards.
Wed 27				
AU Monthly CPI Indicator (YoY, Feb)	3.4%	3.5%	3.4%	Annual trimmed mean inflation up 0.1ppts to 3.9%.
Thu 28				
AU Retail Trade (MoM, Feb)	0.3%	0.4%	1.1%	Trend retail sales rose by just 0.1% in February.
AU Private Sector Credit (MoM, Feb)	0.4%	0.5%	0.5%	Another broad-based increase.
AU Job Vacancies (QoQ, Q1)	-6.1%	-	-0.8%	Still less than two unemployed people per vacancy.
AU Consumer Inflation Exp. (Mar)	4.3%	-	4.5%	Have come off the 2022 highs, but are elevated.
Tonight				
US GDP (QoQ Annualised, Q4, final)	-	3.2%	3.2%	GDPNow suggests GDP growth slowed in Q1 2024.
US Initial Jobless Claims (w/e 23 Mar)	-	212k	210k	Broadly steady at low levels over past 6 mths.
Tomorrow				
US Personal Spending (MoM, Feb)	-	0.5%	0.2%	Retail sales suggested spending picked up.
US PCE Price Index (MoM, Feb)	-	0.4%	0.3%	Annual rate has continued to decline. Unlike the CPI.

Next Week

Event	Forecast	Previous	Comment
Mon 01			
CH Caixin Manufacturing PMI (Mar)	50.8	50.9	NBS PMIs published on Easter Sunday.
US ISM Manufacturing PMI (Mar)	48.5	47.8	S&P Global report suggested slight expansion.
Tue 02			
AU RBA Board Minutes	-	-	More insights into the language shift at the last meeting.
AU CoreLogic Hse Price Index (MoM, Mar)	-	0.6%	House price growth re-accelerated in February.
US JOLTS Job Openings (Dec)	-	8.9m	Still more job openings than unemployed.
Wed 03			
CH Caixin Services PMI (Mar)	-	52.5	Services sector keeping the Chinese economy afloat.
EZ HICP (YoY, Mar)	2.6%	2.6%	ECB needs to see inflation to decline more before cuts.
US ADP Employment (mthly chge, Mar)	150k	140k	Has been a poor indicator of the official jobs report.
US ISM Services PMI (Mar)	52.6	52.6	In expansion since January 2023.
Thu 04			
AU Dwelling Approvals (MoM, Feb)	2.0%	-1.0%	The January decline driven by private sector houses.
AU Household Spending Indicator (MoM, Feb)	-	3.0%	To replace the retail trade report after June 2025.
Fri 05			
AU Goods Trade Balance (Feb)	A\$10.5b	A\$11.0b	Imports broadly flat since 2022.
US Non-farm Payrolls (monthly change, Mar)	216k	275k	The supersized Dec and Jan gains revised downwards.
US Unemployment Rate (Mar)	3.8%	3.9%	Below the Fed's longer-run estimate of 4.1%.