

## Economic Analysis

Daily Report 26 March 2024

Interest Rates (%)			FX			Commodities US\$		
<b>Australia</b>		<b>Δ bp</b>	AUD/USD	0.6539	0.4%	WTI Crude Oil	82.14	\$1.30
90-day Bill	4.35	0	AUD/JPY	98.99	0.5%	Brent Crude Oil	86.89	\$1.25
3-year Bond	3.67	2	AUD/EUR	0.6033	0.1%	Mogas95*	105.47	\$0.77
10-year Bond	4.04	4	AUD/GBP	0.5174	0.0%	CRB Index	288.94	3.18
			AUD/NZD	1.0901	0.2%	Gold	2173.51	\$6.50
			AUD/CNY	4.7152	0.1%	Silver	24.69	\$0.02
<b>US</b>			EUR/USD	1.0839	0.3%	Iron Ore (62% Fe)**	108.45	\$0.20
2-year	4.58	-1	USD/JPY	151.39	0.1%	Iron Ore (23-24 Average)	120.31	-\$0.06
10-year	4.24	4	USD/CNY	7.2114	-0.2%	Copper	8873.00	\$6.50
			RBA Policy			Equities		
			O/N Cash Rate Target	4.35		ASX200	7801	-15
			Interbank O/N Cash Rate	4.32		Dow Jones	39314	-162
			Probability of a 25bps Cut in May	10.4%		S&P500	5218	-16
<b>Other 10-year</b>			RBA Bond Holdings (29 Feb)	A\$335.5b		Stoxx600	510	0
Japan	0.74	0				CSI300	3526	-19
Germany	2.37	5						
UK	3.99	6						

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

\*\*Iron ore is the second SGX futures contract.

US stocks fell again overnight, with no top-tier data to provide further guidance. Investors are awaiting the PCE price inflation figures due on Good Friday when the markets are closed. The consensus forecast is for a slight increase in the annual rate of headline inflation and no change in core inflation, with both remaining above the Fed's 2% goal. US 10-year Treasury yields picked up, but there were declines at the front end of the yield curve.

The Aussie dollar appreciated against all the major currencies but the British pound. Commonwealth bond yields picked up across the yield curve. The ASX 200 rose by 0.5% yesterday, supported by gains in all sectors but consumer discretionary, to be just 0.5% below its record high from 8 March. However, the Australian equity market opened lower this morning.

The Atlanta Fed President Raphael Bostic repeated he currently supports only one US interest rate cut this year, while his Chicago counterpart Austan Goolsbee said he is among the FOMC participants supporting three cuts.

In commodity markets, oil prices rose by around 1.5%, following two consecutive days of declines amid further tensions in the Middle East and closures of drone-hit refineries in Russia. Iron ore futures ticked up by 0.1%.

Data-wise, US new home sales declined 0.3% in February, to remain around the historical average. The Chicago Fed national activity index, which is a weighted average of 85 US economic indicators, rose to 0.05 in February from -0.54 in the previous month, however the three-month moving average slipped to -0.18 suggesting the US economy is growing a little below its historical average.

The Westpac-Melbourne Institute consumer sentiment index declined by 1.8% in March, following a strong 6.2% gain in the previous month. The index level of 84.4, suggests Aussie consumers remain very pessimistic. The decline was driven by all subindices except for 'economic conditions in the next five years'. The separate unemployment expectations index picked up by 1.0%, signalling a slight increase in fears of losing a job, but remained close to the historical average. The 'time to buy a dwelling' index rose by another 4.9%, as house price expectations and interest rate expectations declined by 0.2% and 0.5%, respectively.

### ECONOMIC DATA REVIEW

- **AU:** Westpac-Melbourne Institute Consumer Sentiment (MoM, Mar) – Actual -1.8%, Previous 6.2%.
- **US:** Chicago Fed National Activity Index (Feb) – Actual 0.05, Expected -0.34, Previous -0.54 (revised).
- **US:** New Home Sales (MoM, Feb) – Actual -0.3%, Expected 2.1%, Previous 1.7% (revised).

### ECONOMIC DATA PREVIEW

- **US:** Durable Goods Orders (MoM, Feb) – Expected 1.2%, Previous -6.2%.
- **US:** Case-Shiller House Price Index 20 Cities (YoY, Jan) – Expected 6.6%, Previous 6.1%.

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