

Economic Analysis

Daily Report 27 March 2024

Interest Rates (%)			FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.6537	0.0%	WTI Crude Oil	81.29	-\$0.85
90-day Bill	4.34	-1	AUD/JPY	99.00	0.0%	Brent Crude Oil	86.25	-\$0.64
3-year Bond	3.68	2	AUD/EUR	0.6035	0.0%	Mogas95*	103.38	-\$2.09
10-year Bond	4.04	1	AUD/GBP	0.5177	0.1%	CRB Index	287.82	-1.12
			AUD/NZD	1.0886	-0.1%	Gold	2179.50	\$5.99
			AUD/CNY	4.7150	0.0%	Silver	24.46	-\$0.23
US			EUR/USD	1.0832	-0.1%	Iron Ore (62% Fe)**	103.85	-\$4.60
2-year	4.59	1	USD/JPY	151.54	0.1%	Iron Ore (23-24 Average)	120.20	-\$0.11
10-year	4.23	-1	USD/CNY	7.2167	0.1%	Copper	8862.00	-\$11.00
			RBA Policy			Equities		
			O/N Cash Rate Target	4.35		ASX200	7782	-19
			Interbank O/N Cash Rate	4.32		Dow Jones	39282	-31
			Probability of a 25bps Cut in May	7.8%		S&P500	5204	-15
			RBA Bond Holdings (29 Feb)	A\$335.5b		Stoxx600	511	1
Other 10-year						CSI300	3544	18
Japan	0.74	0						
Germany	2.35	-2						
UK	3.97	-2						

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

**Iron ore is the second SGX futures contract.

US stocks hovered near record highs for most of the trading day, but wiped off all the gains in the last hour of the session. The Dow Jones closed 0.1% lower, while the S&P 500 declined by 0.2% and the Nasdaq fell by 0.4%. The only industries to see slight gains were health care, financials and consumer staples. US Treasury yields were broadly unchanged, while the US dollar appreciated a little.

The Australian dollar was little changed against the major currencies. Commonwealth bond yields picked up a little ahead of the monthly CPI report due this morning. The ASX 200 closed 0.4% lower yesterday, with declines in all industries except for energy and consumer staples. The Aussie stock market opened flat this morning.

In commodity markets, iron ore futures tumbled 4.0% amid fresh Chinese demand fears, after rising last week. Oil futures declined after a strong rise on Monday driven by geopolitical tensions. The gold price is up 0.3%, to be just 0.4% below the record closing high from 20 March.

The data releases last night were a mixed bag.

US durable goods orders rose by 1.4% in February, following a revised drop of 6.9% in the previous month (initial estimate: -6.2%). Half of the February gain came from the volatile aircraft orders. Core capital goods orders, which exclude defence and aircraft orders, rose by 0.7% in February after declining by 0.4% in the previous month (initial estimate was 0.0%).

The Conference Board consumer confidence index edged up to 104.7 in March, from a downwardly revised 104.8 in February (originally 106.7). Market expectations were for an increase to 107.0. This indicator, which focuses on labour market conditions more than its equivalent published by the University of Michigan, remains above its long-term average and has been moving sideways since mid-2022.

The 20-city Case-Shiller house price index rose by 0.1% in January, with the annual growth rate rising 0.5ppts to 6.6%, the fastest annual growth rate since November 2022.

The key data release today will be the Aussie monthly CPI indicator, which will include up-to-date price information for 73% of the weight of the CPI basket. The consensus is for a slight 0.1ppts increase to 3.5%.

ECONOMIC DATA REVIEW

- **US:** Durable Goods Orders (MoM, Feb) – Actual 1.4%, Expected 1.0%, Previous -6.9% (revised).
- **US:** Conference Board Consumer Confidence (Mar) – Actual 104.7, Expected 107.0, Previous 104.8 (revised).
- **US:** Case-Shiller Hse Price Index 20 Cities (MoM, Jan) – Actual 0.1%, Expected 0.2%, Previous 0.3% (revised).

ECONOMIC DATA PREVIEW

- **AU:** Monthly CPI Indicator (YoY, Feb) – Expected 3.5%, Previous 3.4%.

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.