

Interest Rates (%)			FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.6529	0.1%	WTI Crude Oil	76.97	\$0.55
90-day Bill	4.35	0	AUD/JPY	97.54	0.2%	Brent Crude Oil	82.00	\$0.18
3-year Bond	3.78	3	AUD/EUR	0.6061	0.3%	Mogas95*	101.37	\$0.51
10-year Bond	4.17	2	AUD/GBP	0.5171	0.1%	CRB Index	273.31	-1.03
			AUD/NZD	1.0654	0.4%	Gold	2018.96	-\$6.46
			AUD/CNY	4.7044	0.2%	Silver	22.69	\$0.03
US			EUR/USD	1.0772	-0.2%	Iron Ore (62% Fe)**	128.60	\$1.50
2-year	4.47	-1	USD/JPY	149.40	0.1%	Iron Ore (23-24 Average)	121.43	\$0.05
10-year	4.18	0	USD/CNY	7.1936	0.0%	Copper	8235.00	\$66.00
			RBA Policy			Equities		
			O/N Cash Rate Target		4.35	ASX200	7609	-9
			Interbank O/N Cash Rate		4.32	Dow Jones	38797	126
Other 10-year			Probability of a 25bps Cut in Mar		3.5%	S&P500	5022	-5
Japan	0.73	0	RBA Bond Holdings (31 Jan)		A\$336.1b	Stoxx600	487	3
Germany	2.36	-2				CSI300***	3365	0
UK	4.06	-3						

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

**Iron ore is the second SGX futures contract.

***Closed for the Chinese New Year Holiday

It was an uneventful night on the global financial markets, with no significant data releases or events. The S&P 500 retreated from its record high, but remained above 5,000 points. The Nasdaq also fell, while the Dow Jones edged to a fresh record high. Increases in energy, utilities and materials were offset by declines in real estate and information technology. Investors are awaiting US CPI figures, scheduled for release tonight.

Speaking last night, Richmond Fed President Thomas Barkin judged that declaring victory in the fight against inflation is 'pretty bold at this point', pointing to an upside risk to inflation coming from companies seeking to preserve their profit margin by further price increases. US 2-year Treasury yields were little changed overnight, but the probability of a fed funds rate cut in May, as implied from futures, declined below 70%.

The only global data release of note was the Fed survey of consumer expectations, showing no change in inflation expectations for one- and five-year horizons, and a 0.2ppts decline in three-year inflation expectations, to 2.6%. However, inflation uncertainty perceived by households picked up for all time horizons, with three-year inflation uncertainty now the highest since April 2023.

In commodity markets, oil prices rose a bit further, as tensions in the Middle East continue, with Israel continuing its Rafah strikes and further attacks from the Houthis rebels on merchant vessels. Iron ore futures rose by 1.2% yesterday, driven by concerns over supply from the Pilbara, where some train operators are going on a 24-hour strike on Friday. According to Bloomberg data, trading volumes in the iron ore futures market remain solid, despite the Lunar New Year celebrations in China.

From the local data, Westpac consumer confidence rose by 6.2% in February, to be the highest since mid-2022, but still depressed by historical standards. The ANZ Roy Morgan equivalent declined by 1.4% last week, with inflation expectations unchanged at 4.9%. The NAB business survey for January will be released later today.

In local markets, the ASX 200 fell 0.4% yesterday, dragged down by a plunge in healthcare and moderate declines in energy and materials. The Aussie stock market opened flat this morning. Commonwealth bond yields picked up slightly across the yield curve. Good global market sentiment and higher commodity prices helped the Australian dollar higher against all the major currencies, but the AUD/USD remains 4.2% down year-to-date and 0.7% down month-to-date.

ECONOMIC DATA REVIEW

- **AU:** Westpac Consumer Confidence (MoM, Feb) – Actual 6.2%, Previous -1.3%.

ECONOMIC DATA PREVIEW

- **AU:** NAB Business Conditions (Jan) – Previous 7.
- **AU:** NAB Business Confidence (Jan) – Previous -1.
- **US:** CPI (MoM, Jan) – Expected 0.2%, Previous 0.2%.

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.