

Interest Rates			FX			Commodities		
Australia		Δ bp	AUD/USD	0.6851	-0.4%	WTI Crude Oil	102.38	\$9.09
90-day Bill	4.32	1	AUD/JPY	109.87	0.0%	Brent Crude Oil	115.57	\$9.33
3-year Bond	4.76	-2	AUD/EUR	0.5962	-0.1%	Mogas95*	126.63	\$0.18
10-year Bond	5.11	4	AUD/GBP	0.5175	0.2%	CRB Index	368.91	7.00
			AUD/NZD	1.1959	0.1%	Gold	4447.91	\$59.89
			AUD/CNY	4.7498	-0.4%	Silver	67.80	-\$0.40
US			EUR/USD	1.1491	-0.3%	Iron Ore (61% Fe)**	107.15	\$0.20
2-year	3.91	-7	USD/JPY	160.36	0.4%	Iron Ore (25-26 Average)	103.25	\$0.02
10-year	4.43	1	USD/CNY	6.9112	0.0%	Copper	12195.00	\$48.00
			RBA Policy			Equities		
Other 10-year			O/N Cash Rate Target	4.10		ASX200	8415	-64
Japan	2.39	7	Interbank O/N Cash Rate	4.10		Dow Jones	45167	-793
Germany	3.09	2	Probability of a 25bps Hike in May	66.8%		S&P500	6369	-108
UK	4.97	0	RBA Bond Holdings (27 Feb)	A\$250.0b		Stoxx600	575	-6
						CSI300	4503	25

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

**Iron ore is the second SGX futures contract.

Global stocks continued their downside on Friday, while oil prices rose further, as investors are increasingly convinced that the war in the Middle East will continue for some time. In the US, the S&P 500 declined by 1.7% on Friday, to be down for the fourth consecutive week, which followed declines in Europe and most of the Asia-Pacific. Brent futures rose to US\$116 a barrel, which is the highest level since mid-2022, while WTI futures reached US\$100 a barrel.

As noted on Friday morning, US President Donald Trump extended the deadline for ending the closure of the Strait of Hormuz until 6 April, though only 7% of Polymarket bets point to a ceasefire by then. Iran is reportedly letting some vessels through the Strait, subject to a fee. Publicly available sources suggest that at least 11 commercial vessels have passed the Strait since Thursday morning.

The weekend also saw the news that the Houthis, a military organisation controlling northwestern Yemen, have decided to join the war, which implies a high risk of attacks on the Bab al-Mandeb strait, which is the other critical passage for oil shipments out of the Red Sea.

The Australian dollar depreciated against the stronger greenback but was mixed against the major currencies. Commonwealth bond yields ebbed at the front end of the yield curve, but there were increases for longer maturities. The ASX 200 ebbed by 0.1% on Friday, but was up for the week, with gains in more than half of the sectors led by materials. The Aussie share market opened sharply lower this morning.

Data-wise, the final March reading of the University of Michigan US consumer sentiment index showed a decline to a depressed 53.3. One-year consumer inflation expectations picked up to a still-moderate 3.8%, while five- to ten-year expectations held steady at 3.2%, though it is important to bear in mind that the final collection date was 23 March. The Fed pays more attention to figures published by its New York branch, which are scheduled for release on 7 April.

From Fedspeak over the weekend, Richmond Fed President Thomas Barkin said that the conflict in the Middle East has amplified the uncertainty about the economic outlook and most likely caused the progress of inflation towards its goal to stall. Given this, President Barkin advocated for keeping the fed funds rate steady until the outlook clarifies. Fed Governor Michael Barr warned against a risk of de-anchoring of inflation expectations. Fed funds rate hike expectations eased somewhat over the weekend, leading to a fall in 2-year Treasury yields.

The key domestic events [this week](#) will be the minutes from the March RBA meeting and February private sector credit on Tuesday, February dwelling approvals and March Cotality home prices on Wednesday as well as the February trade balance and Q1 job vacancies on Thursday.

News about the Middle East conflict will continue to attract significant investor attention this week. The data highlights offshore include the US labour market figures as well as the US and Chinese PMIs. Preliminary March consumer price inflation figures for the euro area and Japan might also come into focus, providing a gauge of the initial impacts of the spike in fuel prices.

Economic Data Review

- **US:** University of Michigan Consumer Sentiment (Mar, final) – Actual 53.3, Expected 54.0, Previous 55.5.

Economic Data Preview

- **DE:** HICP (YoY, Mar, flash) – Expected 2.9%, Previous 2.0%.