

Interest Rates			FX		Commodities US\$			
Australia		Δ bp	AUD/USD	0.6685	0.5%	WTI Crude Oil	71.94	-\$2.53
90-day Bill	3.66	2	AUD/JPY	89.82	1.3%	Brent Crude Oil	77.45	-\$3.03
3-year Bond	3.13	15	AUD/EUR	0.6231	0.4%	Mogas95*	98.67	-\$3.25
10-year Bond	3.51	16	AUD/GBP	0.5501	0.5%	CRB Index	261.08	-3.59
			AUD/NZD	1.0727	0.2%	Gold	1902.20	-\$8.95
			AUD/CNY	4.5913	0.8%	Silver	21.66	-\$0.11
US			EUR/USD	1.0724	0.1%	Iron Ore (62% Fe)**	131.72	\$0.20
2-year Bond	4.29	24	USD/JPY	134.38	0.8%	Iron Ore (22-23 Average)	107.39	\$0.13
10-year Bond	3.70	14	USD/CNY	6.8680	0.3%	Copper	8833.50	-\$97.50
			RBA Policy		Equities			
			O/N Cash Rate Target (%)	3.60		ASX200	7067	98
			Interbank O/N Cash Rate (%)	3.57		Dow Jones	32155	336
Other 10-year			Probability of a 25bps Hike in Apr	4.6%		S&P500	3919	64
Japan	0.30	11	RBA Bond Holdings (28 Feb)	A\$350.5b		Stoxx600	450	7
Germany	2.44	15				CSI300	3985	-24
UK	3.51	12						

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

**Iron ore is the second SGX futures contract.

US equities rose overnight as regional bank stocks stabilised, while government bond yields bounced as the US CPI figures showed that the Fed's fight with inflation is far from over. The US dollar continued to weaken, however, and the Aussie dollar gained against all the major currencies.

US CPI rose by 0.4% in February, while the annual rate of inflation declined 0.4ppts to 6.0%; both numbers were in line with the market expectations. The core CPI rose 0.5%, slightly more than the 0.4% expected, and was propped up by rising rents, but the annual rate declined 0.1ppts to 5.5%. The annual rate of headline and core inflation were both the lowest since the second half of 2021.

Fed funds rate expectations rose a little. 25bps interest rate hikes are partially priced in for the upcoming FOMC meeting on 21-22 March and the following meeting in early May, while rate cuts are priced in for later in the year.

The S&P regional banks index rose 1.4% last night, following an over-25% cumulative loss over the previous five sessions. There were also strong increases in shares of the large US banks, where depositors are speculated to have moved their funds due to concerns over the shape of the US regional banking sector.

Across the Atlantic, the UK unemployment rate was steady at 3.7% in January, while the claimant count continued to fall in February. The annual rate of wage growth remained elevated at 5.7% in January.

In Australia, the NAB business conditions index, currently being closely tracked by the RBA, ebbed 1pt to the still strong 17pts. The slight decline was caused by lower, albeit solid, profitability (-4pts to 14), while trading conditions were stable at high levels and employment rose further. The business confidence index dropped 10pts to -4. Price and cost growth remained high in February, with labour cost growth accelerating. Purchase costs and final products prices rose at the same elevated pace as the month before, though retail price growth slowed.

Locally, the ASX 200 opened 0.8% higher this morning, after losing 1.4% yesterday. Commonwealth bond yields also rose, as the markets now expect that the RBA will keep the cash rate steady in the coming months (against the expectations of rate cuts [yesterday](#)).

ECONOMIC DATA REVIEW

- **AU:** NAB Business Conditions (Feb) – Actual 17, Previous 18.
- **AU:** NAB Business Confidence (Feb) – Actual -4, Previous 6.
- **UK:** Unemployment Rate (Jan) – Actual 3.7%, Expected 3.8%, Previous 3.7%.
- **US:** CPI (MoM, Feb) – Actual 0.4%, Expected 0.4%, Previous 0.5%.

ECONOMIC DATA PREVIEW

- **AU:** Payroll Jobs and Wages (w/e 11 Feb).
- **CH:** Retail Sales (YoY, Jan-Feb) – Expected 3.4%, Previous -1.8%.
- **CH:** Industrial Production (YoY, Jan-Feb) – Expected 2.7%, Previous 1.3%.
- **CH:** Urban Fixed Asset Investment (YoY YtD, Jan-Feb) – Expected 4.3%, Previous 5.1%.
- **US:** Retail Sales (MoM, Feb) – Expected -0.3%, Previous 3.0%.
- **US:** PPI (MoM, Feb) – Expected 0.3%, Previous 0.7%.

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