

Interest Rates (%)			FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.6618	-0.1%	WTI Crude Oil	78.09	\$0.28
90-day Bill	4.35	0	AUD/JPY	97.14	-0.1%	Brent Crude Oil	82.44	\$0.58
3-year Bond	3.59	-1	AUD/EUR	0.6055	0.0%	Mogas95*	99.09	\$0.95
10-year Bond	3.96	-1	AUD/GBP	0.5162	0.2%	CRB Index	277.98	1.39
			AUD/NZD	1.0727	0.0%	Gold	2182.60	-\$0.66
			AUD/CNY	4.7473	-0.2%	Silver	24.48	\$0.07
US			EUR/USD	1.0932	-0.1%	Iron Ore (62% Fe)**	107.30	-\$5.45
2-year	4.53	5	USD/JPY	146.79	0.0%	Iron Ore (23-24 Average)	121.09	-\$0.12
10-year	4.09	2	USD/CNY	7.1814	-0.1%	Copper	8653.00	\$73.50
			RBA Policy			Equities		
			O/N Cash Rate Target		4.35	ASX200	7720	-27
Other 10-year			Interbank O/N Cash Rate		4.32	Dow Jones	38770	47
Japan	0.78	1	Probability of a 25bps Cut in Mar		2.3%	S&P500	5118	-6
Germany	2.30	4	RBA Bond Holdings (31 Jan)		A\$336.1b	Stoxx600	501	-2
UK	3.97	0				CSI300	3589	44

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

**Iron ore is the second SGX futures contract.

US markets had an indecisive start to the week ahead of the US CPI figures due tonight. The Dow Jones picked up by 0.1%, while the S&P 500 ebbed 0.1% and the Nasdaq lost 0.4%. The gains and losses were split across sectors, with six seeing declines and five registering gains. This followed losses in continental Europe, a slight gain in the UK and mixed results in the Asia-Pacific. 10-year government bond yields picked up in the US and Germany, were steady in the UK and declined in Japan.

The Australian dollar depreciated against the stronger greenback and Japanese yen, but was unchanged against the euro and up versus the British pound. Commonwealth bond yields have slipped. The ASX 200 dropped 1.8% yesterday, with losses across all sectors led by materials and financials, but opened 0.3% higher this morning.

In commodity markets, the gold price retreated from its record high, while oil prices rose by 0.4%. Iron ore futures prices dropped 4.7% to the lowest level since mid-August (US\$107.45 a tonne). Prices continue to be weighed down by concerns over the Chinese outlook, a lack of significant stimulus for the troubled real estate sector and rising inventories in Chinese ports.

The only statistical release of note from the US was the New York Fed survey of consumer expectations for February. It suggested that, while one-year inflation expectations were unchanged at 3.0%, they picked up for longer time horizons, with three-year expectations rising to 2.7% from 2.4% and five-year expectations increasing to 2.9% from 2.5%. Perceptions of the likelihood of losing a job increased, while the perceived probability of finding a job declined, indicating consumers became less optimistic about the labour market. In addition, perception of credit access deteriorated further, confirming tight monetary conditions.

Across the Pacific, Japanese Q4 GDP growth was revised upwards from a negative to a positive 0.1%, meaning Japan escaped technical recession. The upward revision was driven by an upgrade to business spending, while private consumption was revised down slightly.

From local data, the ANZ Roy Morgan consumer confidence index rose 1.5% last week, after dropping 2.6% the week before. Consumer inflation expectations remained at the still elevated 4.9%.

The most important releases today will be the NAB business report for February and the US CPI inflation figures for February, with a slight pick-up expected in monthly terms and a plateau just above 3% in the annual terms.

ECONOMIC DATA REVIEW

- **AU:** ANZ Roy Morgan Consumer Confidence (w/e 9 Mar) – Actual 1.5%, Previous -2.6%.
- **JP:** GDP (QoQ, Q4, final) – Actual 0.1%, Expected 0.3%, Previous -0.1%.
- **US:** New York Fed One-year Inflation Expectations (Feb) – Actual 3.0%, Previous 3.0%.

ECONOMIC DATA PREVIEW

- **AU:** NAB Business Conditions (Feb) – Previous 6.
- **AU:** NAB Business Confidence (Feb) – Previous 1.
- **US:** CPI (MoM, Feb) – Actual 0.4%, Previous 0.3%.

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