

Interest Rates			FX			Commodities US\$		
<b>Australia</b>		<b>Δ bp</b>	AUD/USD	0.6636	0.8%	WTI Crude Oil	77.13	\$1.63
90-day Bill	3.64	0	AUD/JPY	89.28	-0.3%	Brent Crude Oil	83.19	\$1.60
3-year Bond	3.19	-13	AUD/EUR	0.6207	-0.1%	Mogas95*	100.57	-\$2.50
10-year Bond	3.52	-12	AUD/GBP	0.5488	-0.6%	CRB Index	264.99	0.34
			AUD/NZD	1.0766	-0.2%	Gold	1879.70	\$45.84
			AUD/CNY	4.5805	-0.1%	Silver	20.70	\$0.60
<b>US</b>			EUR/USD	1.0687	0.9%	Iron Ore (62% Fe)**	128.77	\$1.16
2-year Bond	4.51	-29	USD/JPY	134.61	-1.0%	Iron Ore (22-23 Average)	107.13	\$0.13
10-year Bond	3.73	-14	USD/CNY	6.9025	-0.9%	Copper	8867.00	\$14.00
			<b>RBA Policy</b>			<b>Equities</b>		
			O/N Cash Rate Target (%)	3.60		ASX200	7092	-105
			Interbank O/N Cash Rate (%)	3.57		Dow Jones	31910	-345
<b>Other 10-year</b>			Probability of a 25bps Hike in Apr	13.8%		S&P500	3862	-57
Japan	0.37	-13	RBA Bond Holdings (28 Feb)	A\$350.5b		Stoxx600	454	-6
Germany	2.50	-6				CSI300	3967	-53
UK	3.63	-15						

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

\*\*Iron ore is the second SGX futures contract.

A collapse of the Silicon Valley Bank, with US\$209 billion in assets, is the second-largest bank failure in US history and led to a spike in risk aversion on Friday. The US stock market saw a broad-based decline, led by real estate amid contagion fears, while US Treasury yields dropped sharply across the yield curve on flight-to-safety flows. The US dollar depreciated against all the major currencies, as traders revised down their expectations for US rate interest rate hikes. The sudden increase in risk aversion took the gold price to the highest level in around a month.

On Friday (Saturday AWST), the California banking system regulator closed the SVP Financial Group, acting under the trademark Silicon Valley Bank (SVB), and appointed the Federal Deposit Insurance Corporation (FDIC) as receiver for disposition of its assets. The move was aimed to secure the insured deposits amid a bank run and followed unsuccessful attempts taken by the Bank to repair its balance sheet through a stock sale on Wednesday.

US regulators released a joint statement on Sunday announcing that they are taking decisive action to strengthen confidence in the banking system. The measures include protecting all depositors at SVB not just those under US\$250,000 that are insured by the FDIC. The Fed will also make additional funding available to eligible depository institutions to help banks meet the needs of their depositors and avoid fire sales of securities in times of stress.

After the collapse of the SVB Financial Group, fed funds rate expectations declined significantly, with a 25- rather than 50bps hike now priced in for the upcoming meeting on 21-22 March, followed by another one in mid-year.

From other news, the long-awaited US labour market report for February was mixed. Non-farm payrolls rose more than expected (311k against 205k), while the January numbers were revised slightly downwards (to the still robust 504k from 517k estimated previously). The unemployment rate unexpectedly picked up by 0.2ppts to 3.6%, while the participation rate rose 0.1ppts to the still depressed 62.5%. Average hourly wages rose 0.2% in February, the smallest increase in a year (exp 0.3%), taking the annual growth rate to 4.6%.

In the UK, monthly GDP rose 0.3% in January, exceeding the consensus expectations of a 0.1% uptick. The Bank of England has announced that they would apply to the Court to put the UK subsidiary of the Silicon Valley Bank into a bank insolvency procedure.

The Bank of Japan left its monetary policy settings unchanged at the last meeting chaired by Governor Kuroda.

In the local markets, the ASX 200 ebbed by 0.1% this morning, which followed a 2.3% drop on Friday. Commonwealth bond yields followed their US equivalents lower, while the probability of a 25bps RBA cash rate hike in April fell below 20%. The Aussie dollar depreciated against all the major currencies but the weaker greenback.

#### ECONOMIC DATA REVIEW

- **UK:** Monthly GDP (MoM, Jan) – Actual 0.3%, Expected 0.1%, Previous -0.5%.
- **US:** Non-farm Payrolls (monthly change, Feb) – Actual 311k, Expected 205k, Previous 504k (revised).
- **US:** Unemployment Rate (Feb) – Actual 3.6%, Expected 3.4%, Previous 3.4%.

#### ECONOMIC DATA PREVIEW

- **AU:** Westpac Consumer Sentiment (MoM, Mar) – Previous -6.9% (tomorrow).

#### 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.