

Interest Rates			FX			Commodities		
Australia		Δ bp	AUD/USD	0.7033	-0.4%	WTI Crude Oil	97.03	\$0.22
90-day Bill	4.32	0	AUD/JPY	111.64	-0.3%	Brent Crude Oil	94.75	\$0.69
3-year Bond	4.62	4	AUD/EUR	0.6034	-0.2%	Mogas95*	119.98	\$0.28
10-year Bond	4.94	4	AUD/GBP	0.5253	-0.4%	CRB Index	366.27	-15.11
			AUD/NZD	1.2085	-0.8%	Gold	4702.66	-\$117.12
			AUD/CNY	4.8051	0.8%	Silver	73.54	-\$2.65
US			EUR/USD	1.1655	-0.2%	Iron Ore (61% Fe)**	104.60	-\$1.30
2-year	3.79	5	USD/JPY	158.73	0.1%	Iron Ore (25-26 Average)	103.36	\$0.00
10-year	4.29	2	USD/CNY	6.8327	-0.4%	Copper	12709.00	\$396.00
			RBA Policy			Equities		
			O/N Cash Rate Target	4.10		ASX200	8912	-46
			Interbank O/N Cash Rate	4.10		Dow Jones	47910	1325
Other 10-year			Probability of a 25bps Hike in May	59.6%		S&P500	6783	166
Japan	2.39	2	RBA Bond Holdings (31 Mar)	A\$250.0b		Stoxx600	614	23
Germany	2.94	-14				CSI300	4596	155
UK	4.71	-19						

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

**Iron ore is the second SGX futures contract.

The news on the fragile two-week ceasefire between the US and Iran triggered strong gains in global stocks yesterday. The MSCI world index, a gauge of stock prices in advanced economies, rose by 3.0%, with the US S&P 500 up by 2.5% and the European Stoxx 600 lifting by 3.9%.

Iranian officials initially said that they would ensure safe passage across the Strait of Hormuz and reportedly issued a map with an alternative route to avoid naval mines. However, differences over the inclusion of Lebanon in the ceasefire plan became evident as the trading day progressed.

This morning, Iranian officials said that the Strait would remain closed as Israeli attacks in Lebanon have intensified. Hardly any vessels officially crossed the Strait yesterday. Talks between the US and Iran are to begin on Saturday morning AWST, though Iran has already signalled that – given the strikes on Lebanon – such talks would be ‘unreasonable’.

The uncertainty over the future of the ceasefire caused a stir in markets this morning. Having dropped below US\$100 a barrel yesterday, Brent futures are again on the rise. US futures are trading slightly lower at the time of writing. The ASX 200 also opened in red this morning, after surging by 2.6% yesterday. The Australian dollar is down against all the major currencies, while Commonwealth bond yields followed their US equivalents higher.

Speaking overnight, San Francisco Fed President Mary Daly said that it would take some time to understand the impact of the Middle East conflict on the US economy, whose fundamentals otherwise remain in good shape.

The minutes from the March FOMC meeting, released overnight, also showed that participants were uncertain about the implications of the war in the Middle East and emphasised the importance of being ‘nimble’ in their future decisions. However, some of them pointed to the possibility that, since US inflation has been above its goal for some time, inflation expectations might be more sensitive to energy price increases.

Closer to home, the RBNZ left its official cash rate unchanged at 2.25% yesterday, as expected, but debated an early start to the tightening cycle in upcoming meetings and said explicitly that the conflict in the Middle East would result in higher inflation in New Zealand in the near term. The first 25bps official cash rate hike is fully priced in for September.

At home, weekly credit card data released by the Commonwealth Bank yesterday suggested resilience in Australian consumer spending to the spike in fuel prices so far.

Economic Data Review

No market-moving data.

Economic Data Preview

- **US:** GDP (QoQ, Q4, final) – Expected 0.7%, Previous 0.7%.
- **US:** Personal Spending (MoM, Feb) – Expected 0.6%, Previous 0.4%.
- **US:** PCE Price Index (MoM, Feb) – Expected 0.4%, Previous 0.3%.
- **US:** Initial Jobless Claims (w/e 4 Apr) – Expected 210k, Previous 202k.