

Interest Rates			FX			Commodities		
<b>Australia</b>		<b>Δ bp</b>	AUD/USD	0.7081	-0.6%	WTI Crude Oil	96.55	\$3.76
90-day Bill	4.18	0	AUD/JPY	112.61	-0.7%	Brent Crude Oil	100.46	\$3.06
3-year Bond	4.55	-3	AUD/EUR	0.6141	-0.6%	Mogas95*	126.48	\$3.03
10-year Bond	4.95	-3	AUD/GBP	0.5299	-0.5%	CRB Index	365.03	10.06
			AUD/NZD	1.2087	0.0%	Gold	5103.68	-\$35.21
			AUD/CNY	4.8716	-0.9%	Silver	84.22	-\$0.66
<b>US</b>			EUR/USD	1.1526	-0.1%	Iron Ore (61% Fe)**	106.90	\$2.40
2-year	3.73	5	USD/JPY	159.04	-0.1%	Iron Ore (25-26 Average)	102.99	\$0.04
10-year	4.26	1	USD/CNY	6.8808	0.1%	Copper	12999.50	-\$42.50
			RBA Policy			Equities		
<b>Other 10-year</b>			O/N Cash Rate Target	3.85		ASX200	8610	-2
Japan	2.21	2	Interbank O/N Cash Rate	3.85		Dow Jones	46678	-739
Germany	2.96	2	Probability of a 25bps Hike in Mar	66.4%		S&P500	6673	-103
UK	4.77	9	RBA Bond Holdings (27 Feb)	A\$250.0b		Stoxx600	599	-4
						CSI300	4688	-17

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

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

Declines on Wall Street deepened yesterday as concerns over the impacts from the prolonged closure of the Strait of Hormuz are mounting. This came as Iranian Supreme Leader Mojtaba Khamenei said that his country will continue to prevent ships from crossing the Strait of Hormuz. This followed the US navy saying that they cannot escort vessels passing the Strait at this stage. At least two further vessels were hit in the vicinity since yesterday morning.

Brent futures are back above US\$100 a barrel, while US Treasury yields picked up a bit further and the greenback appreciated, reaching its highest level since November last year. Expectations for a fed funds rate cut receded sharply, with such a move no longer fully priced in for 2026.

The losses on Wall Street followed declines in Europe and across the Asia-Pacific region. The ASX 200 dropped by 1.3% yesterday, with energy being the only sector that saw a gain, but appears to be rising again today.

Deterioration in global market sentiment started to drag down the Australian dollar slightly last night. The AUD fell quite considerably against all the major currencies, but the AUD/USD remains above the US\$0.70 mark.

Commonwealth bond yields declined a little, after the ascend in the previous days. However, 10-year yields remain around the highest levels since late 2023, while 3-year yields are still close to their 15-year highs. The probability of a 25-basis cash rate hike from the RBA next week declined slightly but remains well above 50%.

From other news, the Chinese National People's Congress has wrapped up, adopting the 15th five-year plan, with the aim to shift growth drivers from conventional manufacturing to greater adoption of information technology, including artificial intelligence. Hopes that the steel industry might still benefit from the shift, along with disruptions in global transport, are supporting iron ore futures, which rose to the highest level since early 2026.

Data-wise, US initial jobless claims were little changed at a moderate 213k last week, while continued claims declined to 1,850k, but overall have been quite directionless since December.

At home, the Melbourne Institute consumer inflation expectations picked up by 0.2 percentage points to 5.2% in March, which is the highest level since early 2023. The rise most likely reflected the recent spike in oil and petrol prices.

## Economic Data Review

- **AU:** Melbourne Institute Inflation Expectations (Mar) – Actual 5.2%, Previous 5.0%.
- **US:** Initial Jobless Claims (w/e 7 Mar) – Actual 213k, Expected 215k, Previous 214k (revised).

## Economic Data Preview

- **UK:** Monthly GDP (MoM, Jan) – Expected 0.2%, Previous 0.1%.
- **US:** Personal Spending (MoM, Jan) – Expected 0.3%, Previous 0.4%.
- **US:** PCE Price Index (MoM, Jan) – Expected 0.3%, Previous 0.4%.
- **US:** JOLTS Job Openings (Jan) – Expected 6.8m, Previous 6.5m.
- **US:** University of Michigan Consumer Confidence (Mar, prel.) – Expected 54.6, Previous 56.6.
- **US:** Durable Goods Orders (MoM, Jan) – Expected 1.1%, Previous -1.4%.
- **US:** GDP (QoQ annualised, Q4) – Expected 1.4%, Previous 1.4%.