

| Interest Rates (%) |      |      |                                    | FX     |           |                          | Commodities US\$ |          |  |
|--------------------|------|------|------------------------------------|--------|-----------|--------------------------|------------------|----------|--|
| Australia          |      | Δ bp | AUD/USD                            | 0.6395 | -0.4%     | WTI Crude Oil            | 90.74            | \$1.08   |  |
| 90-day Bill        | 4.14 | 0    | AUD/JPY                            | 95.29  | -0.2%     | Brent Crude Oil          | 94.27            | \$1.10   |  |
| 3-year Bond        | 4.05 | -1   | AUD/EUR                            | 0.6053 | -0.2%     | Mogas95*                 | 100.59           | \$1.06   |  |
| 10-year Bond       | 4.40 | -3   | AUD/GBP                            | 0.5264 | 0.1%      | CRB Index                | 284.72           | -0.22    |  |
|                    |      |      | AUD/NZD                            | 1.0751 | -0.1%     | Gold                     | 1901.52          | -\$13.98 |  |
|                    |      |      | AUD/CNY                            | 4.6748 | -0.4%     | Silver                   | 22.82            | -\$0.29  |  |
| US                 |      |      | EUR/USD                            | 1.0566 | -0.2%     | Iron Ore (62% Fe)**      | 115.45           | \$0.15   |  |
| 2-year             | 5.06 | -8   | USD/JPY                            | 149.01 | 0.2%      | Iron Ore (23-24 Average) | 111.20           | \$0.04   |  |
| 10-year            | 4.53 | -2   | USD/CNY                            | 7.3112 | 0.0%      | Copper                   | 8091.00          | -\$54.50 |  |
|                    |      |      | RBA Policy                         |        |           | Equities                 |                  |          |  |
|                    |      |      | O/N Cash Rate Target               |        | 4.10      | ASX200                   | 7017             | -26      |  |
|                    |      |      | Interbank O/N Cash Rate            |        | 4.07      | Dow Jones                | 33619            | -388     |  |
| Other 10-year      |      |      | Probability of a 25bps Hike in Oct |        | 8.9%      | S&P500                   | 4274             | -64      |  |
| Japan              | 0.74 | -1   | RBA Bond Holdings (31 Aug)         |        | A\$337.0b | Stoxx600                 | 448              | -3       |  |
| Germany            | 2.81 | 1    |                                    |        |           | CSI300                   | 3693             | -22      |  |
| UK                 | 4.33 | 0    |                                    |        |           |                          |                  |          |  |

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

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

US shares saw renewed broad-based declines overnight, as US bond yields remained high and hawkish Fed speak continued. The declines on Wall Street were led by utilities amid a further increase in oil prices.

Speaking last night, Minneapolis Fed President Neel Kashkari (voting this year) assessed that, if the US economy continued its surprisingly strong performance, the FOMC would need to increase interest rates once more in this cycle and keep them higher for longer. President Kashkari was one of 12 FOMC members who forecast one more hike this year at the meeting last week.

Another 25bps hike is around 50% priced in for the remainder of the year. US government bond yields remain elevated, as concerns over the impacts of the US government shutdown on the [US sovereign rating](#) mount. US 30-year yields climbed to the highest level early 2011 overnight. Despite a slight decline, 10-year yields are still close to their 16-year highs.

Dataflow overnight was quite mixed.

The Case-Shiller house price index rose by another 0.9% in July, somewhat more than the 0.7% consensus, while the annual rate of growth unexpectedly turned slightly positive (+0.1 YoY). The increase in US house prices comes despite a decline in sales, with new home sales dropping by 8.7% and existing home sales ebbing 0.7% in August.

The regional Fed surveys released overnight showed an unexpected increase in the Richmond Fed manufacturing index and a faster decline in the Dallas Fed services activity index.

Conference Board consumer confidence plunged 5.7pts to 103.0 points in September, to be the lowest in four months. The decline was driven by weaker consumer expectations regarding future economic conditions, while the assessment of the current situation improved slightly.

In commodity markets, oil prices rose by another 1.2% last night. Iron ore futures rose by 0.1% despite the rise in energy costs and fresh concerns over the state of the Chinese economy and property sector.

The Aussie stock market retreated by 0.5% yesterday, before opening 0.4% lower this morning. Commonwealth bond yields declined somewhat, but 10-year yields are still close to their decade highs. The weaker global market sentiment sent the Australian dollar lower against all the major currencies but the British pound.

#### ECONOMIC DATA REVIEW

- **US:** Case-Shiller House Price Index 20 Cities (YoY, Jul) – Actual 0.1%, Expected -0.1%, Previous -1.2%.
- **US:** Conference Board Consumer Confidence (Sep) – Actual 103.0, Expected 105.9, Previous 108.7 (revised).

#### ECONOMIC DATA PREVIEW

- **AU:** Monthly CPI Indicator (YoY, Jul) – Expected 5.2%, Previous 4.9%.
- **US:** Durable Goods Orders (MoM, Aug) – Expected -0.4%, Previous -5.2%.

#### 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.