

Interest Rates			FX			Commodities US\$		
<b>Australia</b>		<b>Δ bp</b>	AUD/USD	0.6711	0.0%	WTI Crude Oil	67.44	\$0.41
90-day Bill	3.67	-2	AUD/JPY	88.15	-0.7%	Brent Crude Oil	73.79	\$0.54
3-year Bond	2.79	-11	AUD/EUR	0.6261	-0.4%	Mogas95*	93.27	-\$3.90
10-year Bond	3.26	-8	AUD/GBP	0.5468	-0.7%	CRB Index	255.17	0.52
			AUD/NZD	1.0757	0.6%	Gold	1976.51	-\$1.92
			AUD/CNY	4.6152	-0.2%	Silver	22.51	\$0.11
<b>US</b>			EUR/USD	1.0715	0.4%	Iron Ore (62% Fe)**	125.50	-\$5.29
2-year Bond	3.98	1	USD/JPY	131.37	-0.7%	Iron Ore (22-23 Average)	107.87	\$0.10
10-year Bond	3.50	3	USD/CNY	6.8770	-0.1%	Copper	8697.50	\$117.50
			RBA Policy			Equities		
			O/N Cash Rate Target (%)	3.60		ASX200	6962	23
			Interbank O/N Cash Rate (%)	3.57		Dow Jones	32245	383
			Probability of a 25bps Hike in Apr	0.0%		S&P500	3952	35
<b>Other 10-year</b>			RBA Bond Holdings (28 Feb)	A\$350.5b		Stoxx600	441	5
Japan	0.23	-2				CSI300	3939	-20
Germany	2.11	1						
UK	3.30	2						

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

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

Global stocks bounced overnight, as the takeover of Credit Suisse by UBS **over the weekend** reduced contagion fears about the global banking sector. US Treasury yields have stabilised, while the US dollar depreciated. The AUD is down against all the major currencies but the weaker greenback.

Despite the easing of contagion fears, there are still pockets of the equity market that continue to feel significant pressure. Shares in the First Republic Bank, a regional bank in the US, plunged 47.1% last night, after it was downgraded deeper into junk status by S&P Global. Amazon shares declined by 1.3%, as the company announced plans to cut another 9k jobs.

In a press statement and during the hearing at the European Parliament yesterday, ECB President Christine Lagarde welcomed the decision taken by the Swiss authorities to allow for the Credit Suisse takeover. She also assessed that the euro area banking sector is “resilient, with strong capital and liquidity positions”, but also stressed the ECB has tools to provide liquidity to the European banks if necessary.

The markets’ attention is now turning to the FOMC meeting tomorrow night, with traders being almost 50-50 split between the fed funds rate being left unchanged at 4.50-4.75% or being increased by 25bps to 4.75-5.00%.

In China, the People’s Bank of China left its benchmark one-year loan prime rate unchanged at 3.65%, as expected. The Chinese National Development and Reform Commission issued a warning that it will attempt to contain “unreasonable” iron ore prices and called for companies to avoid hoarding. Yesterday, authorities in Tangshan, which is a key Chinese production hub, said that they will introduce measures to fight heavy air pollution forecast for this week, which follows similar steps taken last week by another steel hub, Handan.

Iron ore futures dropped by 4.0% yesterday in response to those announcements. Oil prices rebounded a little after slumping last week.

In Australia, the ANZ Roy Morgan consumer confidence index fell another 0.5%, with confidence among households paying off a mortgage reaching the lowest levels since the start of the current RBA monetary policy tightening cycle. Consumer inflation expectations rose 0.2ppts to 5.9%, which is the highest level since mid-December.

In the local markets, Commonwealth bond yields fell sharply yesterday and have fallen a little further this morning, with cash rate futures pricing suggesting the peak of the hiking cycle has already been reached. The ASX 200 dropped 1.4% yesterday but followed Wall Street higher this morning.

## ECONOMIC DATA REVIEW

- **AU:** ANZ Roy Morgan Consumer Confidence (w/e 18 Mar) – Actual -0.5%, Previous -2.9%.

## ECONOMIC DATA PREVIEW

- **AU:** RBA Board Minutes.

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