

Interest Rates			FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.6623	-0.9%	WTI Crude Oil	68.29	-\$3.65
90-day Bill	3.66	0	AUD/JPY	87.86	-2.2%	Brent Crude Oil	74.46	-\$2.99
3-year Bond	2.84	-29	AUD/EUR	0.6259	0.4%	Mogas95*	99.17	\$0.50
10-year Bond	3.31	-20	AUD/GBP	0.5486	-0.3%	CRB Index	254.03	-7.04
			AUD/NZD	1.0719	-0.1%	Gold	1922.54	\$20.34
			AUD/CNY	4.5743	-0.4%	Silver	21.84	\$0.18
US			EUR/USD	1.0579	-1.4%	Iron Ore (62% Fe)**	132.18	\$0.46
2-year Bond	3.89	-40	USD/JPY	132.71	-1.2%	Iron Ore (22-23 Average)	107.53	\$0.14
10-year Bond	3.45	-25	USD/CNY	6.9067	0.6%	Copper	8504.50	-\$329.00
			RBA Policy			Equities		
			O/N Cash Rate Target (%)	3.60		ASX200	6940	-127
			Interbank O/N Cash Rate (%)	3.57		Dow Jones	31875	-281
Other 10-year			Probability of a 25bps Cut in Apr	23.1%		S&P500	3892	-27
Japan	0.26	-3	RBA Bond Holdings (28 Feb)	A\$350.5b		Stoxx600	436	-13
Germany	2.12	-32				CSI300	3987	2
UK	3.32	-19						

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

**Iron ore is the second SGX futures contract.

US shares fell again, following a plunge in Europe in reaction to troubles with banking giant Credit Suisse. Government bond yields were in a renewed freefall, with markets increasingly expecting there to be no change in the fed funds rate at the FOMC meeting next week. The Aussie dollar depreciated against all the major currencies but the weaker euro.

Credit Suisse shares fell 24.2% yesterday, after its major shareholder, the Saudi National Bank, ruled out further support. The comments came after the Swiss bank revelation that it had found “material weakness” in the financial reporting process over the past two years. Swiss supervisory authorities issued a joint statement assuring that Credit Suisse meets capital and liquidity requirements, and that liquidity would be provided if needed. In contrast to Silicon Valley Bank or Signature Bank, Credit Suisse is a global, systemically important bank, meaning that its potential collapse would have serious implications for the global financial system.

US economic data released overnight was mixed. US retail sales declined 0.4% in February from upwardly revised 3.2% growth in the previous month. However, core retail sales (ex autos, petrol, building materials and food services) rose 0.5%, following the faster-than-first-estimated increase of 2.3% in January. The US producer price index unexpectedly declined 0.1% in February, while January growth was revised down to 0.3% from 0.7%. The annual rate of PPI inflation dropped to 4.6%, the lowest since March 2021. Core PPI inflation was unchanged at 4.4%.

In China, retail sales rose by 3.5% YoY in January-February, roughly in line with expectations, while annual growth in industrial production and urban fixed asset investment was the fastest since October last year.

In commodity markets, jitters over the condition of the global banking sector drove a plunge in oil prices to the lowest levels in over a year. Confirmation of the ongoing recovery from the zero-COVID policy in China saw iron ore futures close the day at a nine-month high.

Aussie payroll jobs and wages report pointed to higher employment in February ahead of the labour force survey due later today. In the month to 11 February, payroll jobs rose 2.6% nationwide, total wages picked up by 3.3%.

In local markets, Commonwealth bond yields followed global yields lower. The ASX 200 dropped 1.8% at the open this morning.

ECONOMIC DATA REVIEW

- **AU:** Payroll Jobs (monthly change, w/e 11 Feb) – Actual 2.6%, Previous -5.4%.
- **CH:** Retail Sales (YoY, Jan-Feb) – Actual 3.5%, Expected 3.4%, Previous -1.8%.
- **CH:** Industrial Production (YoY, Jan-Feb) – Actual 2.4%, Expected 2.7%, Previous 1.3%.
- **CH:** Urban Fixed Asset Investment (YoY YtD, Jan-Feb) – Actual 5.5%, Expected 4.3%, Previous 5.1%.
- **US:** Retail Sales (MoM, Feb) – Actual -0.4%, Expected -0.3%, Previous 3.2% (revised).
- **US:** PPI (MoM, Feb) – Actual -0.1%, Expected 0.3%, Previous 0.3% (revised).

ECONOMIC DATA PREVIEW

- **AU:** Employment (monthly change, Feb) – Expected 49.1k, Previous -11.5k.
- **AU:** Unemployment Rate (Feb) – Expected 3.6%, Previous 3.7%.

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