

Interest Rates			FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.6676	-0.3%	WTI Crude Oil	69.47	-\$0.60
90-day Bill	3.70	0	AUD/JPY	87.30	-0.6%	Brent Crude Oil	75.47	-\$1.22
3-year Bond	2.87	-1	AUD/EUR	0.6164	0.1%	Mogas95*	98.15	\$2.63
10-year Bond	3.26	-1	AUD/GBP	0.5439	-0.3%	CRB Index	257.78	-0.87
			AUD/NZD	1.0692	-0.5%	Gold	1990.44	\$19.75
			AUD/CNY	4.5522	-1.2%	Silver	23.02	\$0.03
US			EUR/USD	1.0828	-0.4%	Iron Ore (62% Fe)**	118.22	-\$2.05
2-year Bond	3.86	-10	USD/JPY	130.83	-0.3%	Iron Ore (22-23 Average)	108.07	\$0.05
10-year Bond	3.42	-3	USD/CNY	6.8188	-0.9%	Copper	9031.00	\$142.50
			RBA Policy			Equities		
			O/N Cash Rate Target (%)		3.60	ASX200	6939	-12
			Interbank O/N Cash Rate (%)		3.57	Dow Jones	32105	75
Other 10-year			Probability of a 25bps Hike in Apr		9.2%	S&P500	3949	12
Japan	0.29	-1	RBA Bond Holdings (28 Feb)		A\$350.5b	Stoxx600	446	-1
Germany	2.19	-14				CSI300	4039	40
UK	3.37	-9						

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

**Iron ore is the second SGX futures contract.

Despite a late whipsaw, US stocks gained overnight supported by strong gains in the tech sector, while other sectors saw no change or declines. This followed negative sessions in Europe and most of the Asia-Pacific. US Treasury yields continued to fall, as fed funds futures price in rate cuts as early as July. The Aussie dollar is down versus all the major currencies but the weaker euro.

US financials shares fell 1.1%, despite US Treasury Secretary Janet Yellen saying at the budget testimony in the US House of Representatives that her department is ready to take additional actions to stabilise banks if needed. Across the Atlantic, banks lost 2.5% after rallying the previous day.

Central banks in Europe followed the Fed's lead from [Thursday morning](#), increasing their policy rates further, as expected. The Bank of England raised its bank rate by 25bps to 4.25%. The Governor suggested a pause in the interest rate hikes is close, but he also said that further tightening will be likely if there is "evidence of more persistent inflation pressures". The Swiss National Bank increased its policy rate by 50bps, while the Norges Bank delivered a 25bps hike.

In commodity markets, oil prices retreated after gaining on Thursday, partly due to comments by US Energy Secretary Jennifer Granholm that refilling the US strategic reserve may take several years. Iron ore futures fell by another 1.7% yesterday.

Closer to home, the annual rate of Japanese headline CPI inflation dropped 1.0ppt to 3.3% in February, as expected. However, CPI inflation excluding fresh fruit and energy (so-called 'core-core' inflation) rose another 0.2ppts to 3.4%, which is the highest level since February 1982.

In Australia, the Judo Bank Composite PMI fell 2.5pts to 48.1 in March (below 50 = contraction), signalling a renewed fall in activity recorded both in services and manufacturing. According to the report accompanying the numbers, the contraction was driven by weaker demand amid higher interest rates, elevated inflation, and softer economic conditions overall. However there was good news, with selling price inflation easing to a two-year low, though cost inflation remained above the series average.

In the local markets, Commonwealth bond yields are down slightly, which contrasts with bigger falls elsewhere, as investors expect around a 10% chance of a 25bps hike at the April RBA meeting. The ASX 200 dropped by 0.7% yesterday and opened lower again this morning.

ECONOMIC DATA REVIEW

- **AU:** Judo Bank Composite PMI (Mar, flash) – Actual 48.1, Previous 50.6.
- **JP:** CPI (YoY, Feb) – Actual 3.3%, Expected 3.3%, Previous 4.3%.

ECONOMIC DATA PREVIEW

- **EZ:** S&P Global Composite PMI (Mar, flash) – Expected 51.8, Previous 52.0.
- **UK:** S&P Global Composite PMI (Mar, flash) – Previous 53.1.
- **US:** Durable Goods Orders (MoM, Feb) – Expected 0.6%, Previous -4.5%.
- **US:** S&P Global Composite PMI (Mar, flash) – Previous 50.1.

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