

Interest Rates (%)			FX			Commodities US\$			
Australia		Δ bp	AUD/USD	0.6281	-0.7%	WTI Crude Oil	66.73	-\$0.84	
	90-day Bill	4.12	0	AUD/JPY	93.02	-0.9%	Brent Crude Oil	70.03	-\$0.88
	3-year Bond	3.75	-4	AUD/EUR	0.5788	-0.4%	Mogas95*	79.18	-\$1.14
	10-year Bond	4.39	-5	AUD/GBP	0.4850	-0.6%	CRB Index	303.01	-0.76
			AUD/NZD	1.1022	-0.1%	Gold	2985.57	\$46.95	
			AUD/CNY	4.5535	-0.4%	Silver	33.74	\$0.47	
US			EUR/USD	1.0854	-0.3%	Iron Ore (62% Fe)**	102.35	\$1.70	
	2-year	3.96	-3	USD/JPY	148.08	-0.2%	Iron Ore (24-25 Average)	102.01	\$0.01
	10-year	4.28	-3	USD/CNY	7.2432	0.1%	Copper	9783.50	\$13.50
			RBA Policy			Equities			
Other 10-year			O/N Cash Rate Target		4.10	ASX200	7787	-9	
			Interbank O/N Cash Rate		4.09	Dow Jones	40814	-537	
	Japan	1.54	1	Probability of a 25bps Cut in Apr		10.3%	S&P500	5522	-78
	Germany	2.86	-2	RBA Bond Holdings (28 Feb)		A\$297.6b	Stoxx600	540	-1
	UK	4.68	-4				CSI300	3912	-16

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

**Iron ore is the second SGX futures contract.

The S&P 500 resumed declining last night, sliding into a correction territory having lost 10% over the past three weeks, amid further escalation of the global trade war. This time, US President Donald Trump threatened to impose 200% tariffs on alcohol imported from the European Union, in response to the EU's plans to introduce 50% tariffs on US-produced whiskey as part of its retaliation to the 25% tariffs on steel and aluminium.

The weaker global market sentiment and concerns over the global trade war were reflected in depreciation of the Australian dollar, with the AUD/USD falling back below US\$0.63. Commonwealth bond yields fell somewhat more than their US equivalents. The ASX 200 closed 0.5% lower yesterday after reversing its early gains, with real estate being the only sector not to see a loss.

In addition, the prospect of an immediate Russian-Ukrainian ceasefire were dealt a blow as Russian President Vladimir Putin said that, while the 'idea' of the US proposal accepted by Ukraine earlier this week is 'correct', 'the root causes of the conflict' are yet to be addressed.

The US dollar and safe-haven Japanese yen appreciated amid rising risk aversion. The gold price rose to a fresh record high yesterday and is less than \$15 below the US\$3,000 an ounce mark. Oil prices slumped by 1.0-1.5%.

US Treasury yields declined across the yield curve, as expectations for a fed funds rate cut in June firmed a little following the downside surprise to US PPI figures.

The US PPI was unexpectedly unchanged in February, though this followed an upwardly revised increase of 0.6% in the previous month (originally: +0.4%). The annual rate of producer price inflation declined to a three-month low of 3.2%. Core producer price inflation, which excludes food, energy and trade, ebbed 0.1ppts to 3.3%, the lowest since April 2024. However, there was an increase in prices for the healthcare components that feed into PCE price inflation targeted by the Fed.

US initial jobless claims were little changed at 220k last week, with steady claims filled in by the former US federal employees. Continued claims declined back to 1,870k in week ending 1 March.

From the Australian data, Melbourne Institute consumer inflation expectations dropped 1 percentage point to 3.6%, which is the lowest level since August 2021 in February.

Economic Data Review

- **AU:** Melbourne Institute Inflation Expectations (Feb) – Actual 3.6%, Previous 4.6%.
- **US:** PPI (MoM, Feb) – Actual 0.0%, Expected 0.3%, Previous 0.6% (revised).
- **US:** Initial Jobless Claims (w/e 8 Mar) – Actual 220k, Expected 225k, Previous 222k (revised).

Economic Data Preview

- **UK:** Monthly GDP (MoM, Jan) – Expected 0.1%, Previous 0.4%.
- **US:** University of Michigan Consumer Sentiment (Mar) – Expected 63.0, Previous 64.7.