

Interest Rates (%)			FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.6516	-0.9%	WTI Crude Oil	80.84	-\$0.04
90-day Bill	4.35	0	AUD/JPY	98.54	-1.1%	Brent Crude Oil	85.64	\$0.04
3-year Bond	3.65	-6	AUD/EUR	0.6029	-0.3%	Mogas95*	104.70	\$0.50
10-year Bond	3.99	-7	AUD/GBP	0.5173	-0.3%	CRB Index	285.76	-0.80
			AUD/NZD	1.0879	0.1%	Gold	2167.01	-\$17.29
			AUD/CNY	4.7099	-0.4%	Silver	24.67	-\$0.12
US			EUR/USD	1.0808	-0.5%	Iron Ore (62% Fe)**	108.25	-\$0.50
2-year	4.59	-4	USD/JPY	151.22	-0.2%	Iron Ore (23-24 Average)	120.37	-\$0.07
10-year	4.20	-6	USD/CNY	7.2292	0.4%	Copper	8866.50	-\$84.00
			RBA Policy			Equities		
			O/N Cash Rate Target		4.35	ASX200	7816	55
			Interbank O/N Cash Rate		4.32	Dow Jones	39476	-305
Other 10-year			Probability of a 25bps Cut in May		24.6%	S&P500	5234	-7
Japan	0.74	0	RBA Bond Holdings (29 Feb)		A\$335.5b	Stoxx600	510	0
Germany	2.32	-8				CSI300	3545	-36
UK	3.93	-7						

*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 and Dow Jones retreated from record highs on Friday, but still registered the best week in 2024 so far. Given the absence of any major events, the decline was possibly due to profit taking. However, gains in the information technology and communication services sectors translated into a slight increase in the Nasdaq to a fresh record high. US Treasury yields declined, while the US dollar index climbed to the highest level since mid-February.

The Australian dollar saw a solid depreciation on Friday afternoon, before stabilising during the US session. Commonwealth bond yields declined along with global yields. The ASX 200 closed 0.2% lower, as solid gains in health care and real estate were more than offset by strong losses in energy and materials. The Aussie stock market opened higher this morning.

The RBA released its semiannual Financial Stability Review, with the bottom line being that, while households on aggregate continue to withstand the elevated levels of mortgage rates and have adequate saving buffers, an increasing proportion is struggling. More specifically, around 5% of owner-occupier mortgagors with variable mortgage rates had negative cash flows, but those estimated to have a cash flow shortfall and low savings buffers are less than 2% of variable-rate owner-occupier borrowers.

According to the RBA's simulations, the share of households with negative cash flows is expected to decline in the following years, even in the event of interest rates being 50bps higher than expected at the time of the February Statement on Monetary Policy. Even under this scenario, less than 3% of variable-rate owner-occupier mortgagors are at risk of depleting their savings buffers.

Fed Chair Jerome Powell and his deputy Michael Barr were speaking on Friday, but on issues unrelated to monetary policy, while Atlanta Fed President Raphael Bostic said he now expects just one Fed interest rate cut this year.

In commodity markets, oil prices declined slightly despite another Ukrainian drone attack on a Russian refinery and a terrorist attack on the outskirts of Moscow. Iron ore futures declined by 0.5% following a rally for most of last week. Copper futures fell by 0.9% but remain close to their one-year highs. The gold price also declined yet remains well and truly above US\$2,000 an ounce.

It will be another busy [week](#) ahead domestically, with Westpac consumer sentiment for March tomorrow, the monthly CPI indicator for February on Wednesday as well as retail trade and private sector credit for February on Thursday. Highlights offshore include US February durable goods orders tomorrow, the third estimate of US Q4 GDP on Thursday and the US personal income and outlays report for February, which will include PCE price inflation targeted by the Fed.

ECONOMIC DATA REVIEW

- **AU:** Financial Stability Review.

ECONOMIC DATA PREVIEW

- **AU:** Westpac Consumer Sentiment (MoM, Mar) – Previous 6.2% (tomorrow).

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