

Interest Rates			FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.6650	-0.4%	WTI Crude Oil	69.79	\$0.32
90-day Bill	3.70	-1	AUD/JPY	87.00	-0.3%	Brent Crude Oil	75.56	\$0.09
3-year Bond	2.80	-7	AUD/EUR	0.6171	0.1%	Mogas95*	99.02	\$0.87
10-year Bond	3.21	-6	AUD/GBP	0.5431	-0.1%	CRB Index	258.49	0.71
			AUD/NZD	1.0709	0.2%	Gold	1975.69	-\$14.75
			AUD/CNY	4.5669	0.3%	Silver	23.18	\$0.16
US			EUR/USD	1.0772	-0.5%	Iron Ore (62% Fe)**	119.68	\$1.46
2-year Bond	3.81	-5	USD/JPY	130.85	0.0%	Iron Ore (22-23 Average)	108.13	\$0.06
10-year Bond	3.40	-2	USD/CNY	6.8675	0.7%	Copper	8921.50	-\$109.50
			RBA Policy			Equities		
			O/N Cash Rate Target (%)	3.60		ASX200	6978	39
			Interbank O/N Cash Rate (%)	3.57		Dow Jones	32238	132
Other 10-year			Probability of a 25bps Hike in Apr	6.9%		S&P500	3971	22
Japan	0.28	-1	RBA Bond Holdings (28 Feb)	A\$350.5b		Stoxx600	440	-6
Germany	2.13	-6				CSI300	4027	-12
UK	3.29	-8						

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

**Iron ore is the second SGX futures contract.

US stocks managed to gain on Friday, but this followed declines in Europe amid fresh contagion fears due to concerns over the health of Deutsche Bank, another global systemically important financial institution. Fresh flight-to-safety flows led to a further decline in government bond yields, while the US dollar and the safe-haven Japanese yen appreciated. The Aussie dollar depreciated against all the major currencies but the weaker euro.

Deutsche Bank shares fell 3.4% on Friday, taking the March drop to 26%, and credit default swaps on the bank's debt surged. Deutsche tried to ease concerns over its financial position by offering to redeem some of its subordinated notes due in 2028.

German Chancellor Olaf Scholz and ECB President Christine Lagarde also pleaded to investors for calm. Bundesbank President Joachim Nagel declined to comment about the sell-off in Deutsche Bank shares, saying that, for equity markets, "it is often a bumpy road". He stressed that the ECB needs to continue interest rate increases "to sufficiently restrictive levels". Meanwhile, the markets anticipate a 25bps increase in ECB rates by June and a slight chance of another 25bps hike in July.

On the other side of the Atlantic, the US Financial Stability Oversight Council met on Friday chaired by US Treasury Secretary Janet Yellen, concluding that the US banking system is "sound and resilient".

Data-wise, the flash PMIs suggested that all the major advanced economies remained in expansion, with private sector activity growth accelerating in the US, euro area and Japan. US durable goods orders unexpectedly fell in February, dragged down by the volatile aircraft orders, which followed a downward revision for the previous month.

In the local markets, the ASX 200 lost 0.2% on Friday, but opened higher this morning. Commonwealth bond yields fell along with global yields. Investors continue to price in only a small chance of a change in the RBA cash rate at next week's Board meeting.

The major domestic economic releases [this week](#) will be retail sales tomorrow, the monthly CPI indicator on Wednesday, quarterly job vacancies on Thursday and private sector credit on Friday. All those readings are for February. The key events offshore will include the Chinese NBS PMIs for March and the US personal income and outlays report for February, which will include PCE price inflation targeted by the Fed.

ECONOMIC DATA REVIEW

- **JP:** Jibun Bank Composite PMI (Mar, flash) – Actual 51.1, Previous 51.1.
- **EZ:** S&P Global Composite PMI (Mar, flash) – Actual 54.1, Expected 51.8, Previous 52.0.
- **UK:** S&P Global Composite PMI (Mar, flash) – Actual 52.2, Previous 53.1.
- **US:** Durable Goods Orders (MoM, Feb) – Actual -1.0%, Expected 0.6%, Previous -5.0% (revised).
- **US:** S&P Global Composite PMI (Mar, flash) – Actual 53.3, Previous 50.1.

ECONOMIC DATA PREVIEW

- **AU:** ANZ Roy Morgan Consumer Confidence (w/e 25 Mar) – Previous -0.5% (tomorrow).

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