

| Interest Rates (%) | | | FX | | | Commodities US\$ | | |
|--------------------|------|------|-----------------------------------|--------|-----------|--------------------------|---------|---------|
| Australia | | Δ bp | AUD/USD | 0.6552 | 0.3% | WTI Crude Oil | 77.20 | -\$1.93 |
| 90-day Bill | 4.33 | 0 | AUD/JPY | 98.28 | 0.2% | Brent Crude Oil | 82.34 | -\$1.22 |
| 3-year Bond | 3.73 | -3 | AUD/EUR | 0.6061 | 0.0% | Mogas95* | 99.69 | -\$0.50 |
| 10-year Bond | 4.18 | -1 | AUD/GBP | 0.5191 | 0.1% | CRB Index | 270.76 | -1.83 |
| | | | AUD/NZD | 1.0623 | 0.0% | Gold | 2023.52 | \$7.95 |
| | | | AUD/CNY | 4.7136 | 0.2% | Silver | 22.99 | \$0.05 |
| US | | | EUR/USD | 1.0808 | 0.3% | Iron Ore (62% Fe)** | 119.30 | -\$6.85 |
| 2-year | 4.61 | -4 | USD/JPY | 149.99 | -0.2% | Iron Ore (23-24 Average) | 121.60 | -\$0.05 |
| 10-year | 4.29 | -3 | USD/CNY | 7.1925 | -0.1% | Copper | 8500.00 | \$65.50 |
| | | | RBA Policy | | | Equities | | |
| | | | O/N Cash Rate Target | | 4.35 | ASX200 | 7621 | -41 |
| | | | Interbank O/N Cash Rate | | 4.32 | Dow Jones | 38564 | -64 |
| Other 10-year | | | Probability of a 25bps Cut in Mar | | 9.4% | S&P500 | 4976 | -30 |
| Japan | 0.73 | -1 | RBA Bond Holdings (31 Jan) | | A\$336.1b | Stoxx600 | 492 | 0 |
| Germany | 2.37 | -4 | | | | CSI300 | 3411 | 7 |
| UK | 4.04 | -7 | | | | | | |

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

**Iron ore is the second SGX futures contract.

Wall Street had a negative start to the US trading week, as investors await quarterly results from artificial intelligence chip maker Nvidia and FOMC minutes due tonight. The losses were led by information technology, while consumer staples were the only sector to see a rise.

The losses in the US followed declines in the majority of European bourses and gains across most of Asia-Pacific, including in China, where the sentiment was supported by a cut in the five-year loan prime rate by the central bank. Despite the temporary rally around the time of the PBoC's decision, the ASX 200 closed 0.1% lower yesterday. There were strong declines in materials and energy, which offset gains in the majority of industries. The Aussie stock market opened 0.5% lower this morning.

Government bond yields declined across the advanced economies, while the Australian dollar appreciated against the greenback, British pound and Japanese yen but was flat versus the euro.

The People's Bank of China (PBoC) left its one-year loan prime rate unchanged at 3.45% yesterday, while the consensus was for a 5bps cut to 3.40%. However, the Chinese central bank cut the five-year loan prime rate by 25bps to 3.95%, the most on record (since 2019), against the consensus of a 10bps cut. The five-year rate is a benchmark for most mortgages in China and this cut, the first since June, implies lower funding costs for potential homebuyers, and is targeted at providing some support for the ailing real estate sector.

The PBoC cut did not help iron ore futures prices, which dropped by another 5% yesterday to the lowest level since late October 2023. Oil prices retreated amid a risk-off sentiment, while the gold price picked up by 0.4%.

Canadian CPI inflation for January surprised to the downside, with the annual rate of headline inflation dropping 0.5ppts to 2.9%, which is not far off the Bank of Canada's (BoC's) target of 2%. The market consensus was for a more moderate decline to 3.3%. The downside surprise to Canadian inflation resulted in increased expectations for BoC policy rate cuts.

The RBA Board minutes released yesterday unsurprisingly confirmed that another 25bps hike was discussed at the meeting two weeks ago and had no market impact. However, the RBA Board opted for no change given the risk of inflation not returning to the target range has eased. In addition, Board members observed that the projected return of inflation to the target range in two years was based on the assumption of no additional rate hikes.

ECONOMIC DATA REVIEW

- **CH:** PBoC Decision (One-year Loan Prime Rate) – Actual 3.45%, Expected 3.45%, Previous 3.45%.
- **CA:** CPI (YoY, Jan) – Actual 2.9%, Expected 3.3%, Previous 3.4%.

ECONOMIC DATA PREVIEW

- **AU:** Wage Price Index (QoQ, Q4) – Expected 1.3%, Previous 0.9%.
- **US:** FOMC Minutes.

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