

| Interest Rates (%) |      |      | FX                                 |        |           | Commodities US\$         |         |         |
|--------------------|------|------|------------------------------------|--------|-----------|--------------------------|---------|---------|
| Australia          |      | Δ bp | AUD/USD                            | 0.6481 | 0.7%      | WTI Crude Oil            | 78.64   | -\$0.91 |
| 90-day Bill        | 4.14 | -1   | AUD/JPY                            | 93.80  | 0.0%      | Brent Crude Oil          | 83.01   | -\$0.83 |
| 3-year Bond        | 3.80 | -8   | AUD/EUR                            | 0.5962 | 0.5%      | Mogas95*                 | 99.77   | \$0.95  |
| 10-year Bond       | 4.11 | -11  | AUD/GBP                            | 0.5094 | 0.8%      | CRB Index                | 274.98  | 0.99    |
|                    |      |      | AUD/NZD                            | 1.0851 | 0.3%      | Gold                     | 1918.58 | \$18.60 |
|                    |      |      | AUD/CNY                            | 4.7096 | 0.5%      | Silver                   | 24.33   | \$0.87  |
| US                 |      |      | EUR/USD                            | 1.0870 | 0.2%      | Iron Ore (62% Fe)**      | 113.95  | \$3.10  |
| 2-year             | 4.97 | -6   | USD/JPY                            | 144.74 | -0.6%     | Iron Ore (23-24 Average) | 107.80  | \$0.23  |
| 10-year            | 4.19 | -12  | USD/CNY                            | 7.2785 | -0.2%     | Copper                   | 8452.00 | \$89.50 |
|                    |      |      | RBA Policy                         |        |           | Equities                 |         |         |
|                    |      |      | O/N Cash Rate Target               |        | 4.10      | ASX200                   | 7183    | 46      |
|                    |      |      | Interbank O/N Cash Rate            |        | 4.07      | Dow Jones                | 34473   | 184     |
| Other 10-year      |      |      | Probability of a 25bps Hike in Sep |        | 2.4%      | S&P500                   | 4436    | 48      |
| Japan              | 0.66 | -1   | RBA Bond Holdings (31 Jul)         |        | A\$337.0b | Stoxx600                 | 453     | 2       |
| Germany            | 2.52 | -13  |                                    |        |           | CSI300                   | 3697    | -62     |
| UK                 | 4.47 | -18  |                                    |        |           |                          |         |         |

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

\*\*Iron ore is the second SGX futures contract.

US stocks rose overnight, as weaker PMIs increased confidence that central banks are at the end of the tightening cycle. Government bond yields dropped across the advanced economies, as central bank interest rate expectations declined. The Australian dollar appreciated against all the major currencies but the Japanese yen, as iron ore prices continued to head north.

The US S&P Global flash composite PMI declined 1.6pts to 50.4 in August (above 50 = expansion), signalling the slowest pace of growth in half a year. New orders slipped into contraction, pointing to further weakness ahead. Employment growth was the slowest in three months. Cost pressures picked up in August, but output price inflation, while still elevated, slowed further.

PMI reports were even weaker across the Atlantic, suggesting the fastest pace of contraction in business activity in nearly three years in the euro area and two-and-a-half years in the UK.

The only country to see a positive PMI release yesterday was Japan, with the Jibun Bank report pointing to faster expansion as well as an acceleration in cost pressures. The expansion was driven by services, while the pace of contraction in manufacturing slowed further.

In other data, US new home sales bounced 4.4% in July, well above the 0.9% expected, though from a downwardly revised level from the previous month.

In commodity markets, iron ore futures rose by another 2.8% yesterday, supported by hopes for more stimulus in China. Oil prices continued to decline.

In the local markets, Commonwealth bond yields declined in concert with global yields. The ASX 200 closed 0.4% higher yesterday, supported by gains in materials as well as consumer goods industries, partly offset by a decline in tech stocks.

## ECONOMIC DATA REVIEW

- **JP:** Jibun Bank Composite PMI (Aug, flash) – Actual 52.6, Previous 52.2.
- **EZ:** HCOB Composite PMI (Aug, flash) – Actual 47.0, Expected 48.5, Previous 48.6.
- **UK:** S&P Global Composite PMI (Aug, flash) – Actual 47.9, Expected 50.4, Previous 50.8.
- **US:** New Home Sales (MoM, Jul) – Actual 4.4%, Expected 0.9%, Previous -2.8% (revised).
- **US:** S&P Global Composite PMI (Aug, flash) – Actual 50.4, Expected 51.5, Previous 52.0.

## ECONOMIC DATA PREVIEW

- **US:** Durable Goods Orders (MoM, Jul) – Expected -4.0%, Previous 4.6%.
- **US:** Initial Jobless Claims (w/e 19 Aug) – Expected 240k, Previous 239k.
- **US:** Jackson Hole Symposium.

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