

Interest Rates (%)			FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.6620	0.0%	WTI Crude Oil	77.80	-\$1.43
90-day Bill	4.35	0	AUD/JPY	97.24	-0.7%	Brent Crude Oil	81.84	-\$1.12
3-year Bond	3.62	-1	AUD/EUR	0.6052	0.1%	Mogas95*	98.14	-\$1.81
10-year Bond	3.99	-2	AUD/GBP	0.5152	-0.3%	CRB Index	276.60	-2.49
			AUD/NZD	1.0724	0.0%	Gold	2178.75	\$17.71
			AUD/CNY	4.7573	-0.1%	Silver	24.35	-\$0.04
US			EUR/USD	1.0939	-0.1%	Iron Ore (62% Fe)**	114.25	-\$1.45
2-year	4.47	-3	USD/JPY	146.89	-0.6%	Iron Ore (23-24 Average)	121.21	-\$0.04
10-year	4.07	-1	USD/CNY	7.1873	-0.1%	Copper	8579.50	-\$61.00
			RBA Policy			Equities		
			O/N Cash Rate Target		4.35	ASX200	7783	-28
			Interbank O/N Cash Rate		4.32	Dow Jones	38723	-69
Other 10-year			Probability of a 25bps Cut in Mar		2.4%	S&P500	5124	-34
Japan	0.74	-1	RBA Bond Holdings (31 Jan)		A\$336.1b	Stoxx600	503	0
Germany	2.27	-4				CSI300	3545	15
UK	3.98	-2						

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

**Iron ore is the second SGX futures contract.

US stocks retreated amid profit taking on Friday as the US employment report, while still solid, suggested labour market conditions are not as strong as thought. The downward revision to US non-farm payrolls, a rise in the unemployment rate and more dovish Fed speak saw US Treasury yields decline.

The Australian dollar was mixed over the weekend, with no change against the greenback, a slight appreciation versus the euro and weakness against the British pound and strong Japanese yen, with the latter supported by further speculation that the Bank of Japan may exit its negative interest rate policy as early as next week. Commonwealth bond yields declined slightly across the yield curve. The ASX 200 saw a broad-based 1.0% increase on Friday, which took it to a new record high, but it has dropped by 1.1% at the open this morning.

US non-farm payrolls rose by a solid 275k in February, more than the 200k pencilled in by the market consensus although it was from a slashed level for January (downward revision to 229k from the whopping initial estimate of 353k). The unemployment rate, which is calculated from a separate household survey, unexpectedly rose by 0.2ppts to 3.9%, the highest level since January 2022, but remains relatively low. Growth in average weekly earnings slowed to 0.1% MoM and 4.3% YoY.

Speaking on Friday, Chicago Fed President Austan Goolsbee was another Fed official to say he expects that rate cuts will start this year, as inflation is on a decline.

Across the Pacific, the annual rate of Chinese CPI inflation turned positive in February, rising to 0.7% YoY as core CPI inflation surged to a two-year high of 1.2%. Chinese PPI deflation unexpectedly deepened to 2.7% in February.

In commodity markets, oil prices declined by around 1% amid concerns over Chinese demand. This came despite OPEC+ extending its output cuts into Q2 2024. Iron ore futures dropped 1.3% amid reports of subdued steel production and climbing port stocks in China. The gold price rose to a fresh record high.

It will be a quieter week at home, with the NAB business survey for February to be released tomorrow, the CBA household spending indicator for February is on Wednesday and payroll jobs for the month ending 17 February are on Thursday. It will be a busier week offshore, with the most important releases being US inflation, retail trade and industrial production data for February. Friday will see the preliminary University of Michigan consumer survey for March, which will include inflation expectations, which are closely tracked by the Fed.

ECONOMIC DATA REVIEW

- **CH:** CPI (YoY, Feb) – Actual 0.7%, Expected 0.3%, Previous -0.8%.
- **CH:** PPI (YoY, Feb) – Actual -2.7%, Expected -2.5%, Previous -2.5%.
- **US:** Non-farm Payrolls (monthly change, Feb) – Actual 275k, Expected 200k, Previous 229k (revised).
- **US:** Unemployment Rate (Feb) – Actual 3.9%, Expected 3.7%, Previous 3.7%.

ECONOMIC DATA PREVIEW

No market-moving data.

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