

Interest Rates			FX			Commodities		
Australia		Δ bp	AUD/USD	0.6881	-0.9%	WTI Crude Oil	93.29	\$2.21
90-day Bill	4.30	1	AUD/JPY	109.91	-0.7%	Brent Crude Oil	106.24	\$3.29
3-year Bond	4.78	9	AUD/EUR	0.5969	-0.6%	Mogas95*	126.44	\$2.76
10-year Bond	5.07	9	AUD/GBP	0.5164	-0.6%	CRB Index	361.91	5.50
			AUD/NZD	1.1953	-0.1%	Gold	4388.02	-\$138.69
			AUD/CNY	4.7666	-0.7%	Silver	68.20	-\$3.46
US			EUR/USD	1.1528	-0.3%	Iron Ore (61% Fe)**	106.95	\$0.55
2-year	3.98	9	USD/JPY	159.72	0.2%	Iron Ore (25-26 Average)	103.23	\$0.03
10-year	4.42	8	USD/CNY	6.9140	0.2%	Copper	12147.00	-\$174.50
			RBA Policy			Equities		
			O/N Cash Rate Target	4.10		ASX200	8479	-68
			Interbank O/N Cash Rate	4.10		Dow Jones	45960	-469
Other 10-year			Probability of a 25bps Hike in May	73.9%		S&P500	6477	-115
Japan	2.32	4	RBA Bond Holdings (27 Feb)	A\$250.0b		Stoxx600	581	-7
Germany	3.07	12				CSI300	4478	-60
UK	4.97	14						

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

**Iron ore is the second SGX futures contract.

Global stocks were again a sea of red yesterday, while oil prices climbed as investors turned sceptical over the prospects of a quick resolution of the conflict in the Middle East after the US peace proposal was rejected by Iran. Government bond yields rose across the advanced economies, with particularly strong increases in Europe. The gold price fell further.

The S&P 500 lost 1.7% last night, while the Nasdaq tumbled 2.4% into correction territory. The European Stoxx 600 declined by 1.1% yesterday, and the Asia-Pacific region saw widespread losses.

Following the US market close, President Donald Trump announced in a social media message that he is extending the deadline for Iran, most likely referring to the closure of the Strait of Hormuz, until 6 April. He added that talks are ongoing and are 'going very well'. US equity futures are trading higher at the time of writing.

The extension of the deadline by US President Trump had only a limited impact on the Aussie share market, which is trading 0.6% lower at the time of writing. The ASX 200 closed 0.1% lower yesterday, with gains and losses equally split across sectors.

The Australian dollar depreciated against all the major currencies, while Commonwealth bond yields rose in line with their US equivalents. RBA cash rate hike expectations have re-intensified, with the probability of a 25bps increase in May now above 70% compared to around 60% on Monday.

In other central bank news, Fed Vice Chair Philip Jefferson assessed that the rise in energy prices will be short-lived and should have 'relatively modest' effects on inflation. Fed Governor Michael Barr said that 'it makes sense' to keep the fed funds rate steady amid the 'considerable uncertainty' about the conflict in the Middle East and its impacts. The markets continue to partially price in one fed funds rate hike this year.

The Norges Bank kept its policy rate steady at 4.00% yesterday, but signalled rate hikes ahead. A 25bps hike is fully priced in for mid-2026.

Data-wise, US initial jobless claims were little changed at 210k last week, as expected. Continued claims fell to an equal two-year low of 1,819k in the week ending 14 March. However, given that the US unemployment coverage is for a period of up to six months (varying across the states), a decline in continued claims could imply that less people are eligible for benefits, not necessarily that they have found a job.

In Australia, total household wealth rose by 2.5% in Q4, supported by a 3.2% rise in the value of residential dwellings, partly offset by a 2.0% rise in borrowing, amid the strongest rise in housing loans since December 2021. Australian households continue to have solid financial buffers, which should help them smooth their consumption during the spike in energy costs at the aggregate level.

Economic Data Review

- **US:** Initial Jobless Claims (w/e 21 Mar) – Actual 210k, Expected 210k, Previous 205k.

Economic Data Preview

- **US:** University of Michigan Consumer Sentiment (Mar, final) – Expected 4.7%, Previous 4.5%.