

Interest Rates			FX			Commodities		
Australia		Δ bp	AUD/USD	0.7014	-1.0%	WTI Crude Oil	79.17	\$3.43
90-day Bill	4.07	3	AUD/JPY	110.47	-0.5%	Brent Crude Oil	85.41	\$4.01
3-year Bond	4.40	4	AUD/EUR	0.6040	-0.7%	Mogas95*	102.96	\$6.27
10-year Bond	4.82	4	AUD/GBP	0.5250	-0.9%	CRB Index	336.85	9.17
			AUD/NZD	1.1888	-0.3%	Gold	5090.05	-\$83.38
			AUD/CNY	4.8296	-1.0%	Silver	82.97	-\$1.34
US			EUR/USD	1.1610	-0.3%	Iron Ore (61% Fe)**	100.10	\$0.10
2-year	3.58	3	USD/JPY	157.51	0.4%	Iron Ore (25-26 Average)	102.92	-\$0.02
10-year	4.14	4	USD/CNY	6.9113	0.2%	Copper	12902.00	-\$155.50
			RBA Policy			Equities		
Other 10-year			O/N Cash Rate Target	3.85		ASX200	8833	-99
Japan	2.16	1	Interbank O/N Cash Rate	3.85		Dow Jones	47955	-785
Germany	2.84	9	Probability of a 25bps Hike in Mar	26.6%		S&P500	6831	-39
UK	4.54	10	RBA Bond Holdings (27 Feb)	A\$250.0b		Stoxx600	605	-8
						CSI300	4648	45

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

**Iron ore is the second SGX futures contract.

Global stocks resumed their decline last night, as attacks across the Middle East have re-intensified and spread into more countries. The S&P 500 dropped by 0.6%, which followed solid losses across Europe and gains earlier during the Asia-Pacific session.

Oil prices rose further, as tankers are being attacked in the vicinity of the Strait of Hormuz and beyond. Brent futures have risen to their highest level since mid-2024. Concerns over the impact of higher oil prices on inflation and the monetary policy outlook have pushed government bond yields even higher. UK gilt yields continue to see the strongest increases, additionally pushed up by concerns over Britain's fiscal position.

Renewed deterioration in global market sentiment dragged the Australian dollar lower against all major currencies. The ASX 200 again opened in the deep red this morning, after bouncing by 0.4% yesterday. Commonwealth bond yields climbed broadly in line with their US equivalents. A cash rate hike is again fully priced in for May.

US initial jobless claims were little changed at 213k last week, though continued claims picked up to 1,868k for the week ending 21 February. The US labour market situation summary, which will include non-farm payrolls and the unemployment rate, is scheduled for release tonight.

Speaking overnight, Fed Vice Chair Michelle Bowman assessed that the US labour market has shown more signs of stabilising since the previous FOMC meeting in January. Richmond Fed President Tom Barkin voiced the opinion that the FOMC's response to the recent rise in oil prices will depend on the length of the shock, while Fed Governor Steven Miran confirmed that he still sees a case for fed funds rate cuts.

Across the Pacific, Chinese Premier Li Qiang has announced a growth target of 4.5-5.0% for 2026, the lowest since 1991, at the opening of the National People's Congress yesterday. The lower target is meant to represent a shift to 'high-quality growth', with a focus on high-tech and moving away from traditional drivers, such as construction and exports.

In Australia, the [household spending indicator](#) rose by 0.3% in January, slightly less than the 0.4% pencilled in by the market consensus. This followed a 0.5% decline in December, which turned out to be somewhat stronger than the initially estimated 0.4% fall. The January increase was driven by services (+1.0%), with solid gains in medical services, streaming services and travel agencies. Spending on goods ebbed by 0.1% in January.

Aussie [goods trade surplus](#) narrowed to A\$2.6b in January from A\$3.4b in the previous month. The decline in surplus was caused by a combination of a 0.9% fall in exports (mainly in iron ore and fossil fuels) and a 0.9% pick-up in imports (driven by capital goods and the volatile non-monetary gold).

Economic Data Review

- **AU:** Household Spending Indicator (MoM, Jan) – Actual 0.3%, Expected 0.4%, Previous -0.5% (revised).
- **AU:** Goods Trade Balance (Jan) – Actual A\$2.6b, Expected A\$3.6b, Previous A\$3.4b.
- **US:** Initial Jobless Claims (w/e 28 Feb) – Actual 213k, Expected 215k, Previous 212k.

Economic Data Preview

- **US:** Non-farm Payrolls (monthly change, Feb) – Expected 55k, Previous 130k.
- **US:** Unemployment Rate (Feb) – Expected 4.3%, Previous 4.3%.
- **US:** Retail Sales (MoM, Feb) – Expected -0.3%, Previous 0.0%.