

Interest Rates (%)			FX			Commodities US\$		
<b>Australia</b>			AUD/USD	0.6410	-0.1%	WTI Crude Oil	80.81	-\$0.42
90-day Bill	4.14	0	AUD/JPY	93.74	0.6%	Brent Crude Oil	84.48	-\$0.22
3-year Bond	3.93	6	AUD/EUR	0.5882	-0.2%	Mogas95*	98.12	-\$3.93
10-year Bond	4.31	8	AUD/GBP	0.5024	-0.2%	CRB Index	274.74	-0.73
			AUD/NZD	1.0812	-0.1%	Gold	1895.23	\$4.44
			AUD/CNY	4.6726	0.1%	Silver	23.33	\$0.51
<b>US</b>			EUR/USD	1.0896	0.1%	Iron Ore (62% Fe)**	108.20	\$2.65
2-year	5.00	7	USD/JPY	146.24	0.8%	Iron Ore (23-24 Average)	107.42	\$0.02
10-year	4.35	10	USD/CNY	7.2832	0.0%	Copper	8274.50	\$34.00
			<b>RBA Policy</b>			<b>Equities</b>		
			O/N Cash Rate Target	4.10		ASX200	7093	-50
			Interbank O/N Cash Rate	4.07		Dow Jones	34464	-37
			Probability of a 25bps Hike in Sep	2.4%		S&P500	4400	30
			RBA Bond Holdings (31 Jul)	A\$337.0b		Stoxx600	449	0
						CSI300	3730	-54
<b>Other 10-year</b>								
Japan	0.66	3						
Germany	2.70	8						
UK	4.73	5						

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

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

The selloff in bond markets resumed overnight, driving the 10-year US Treasury yield to its highest level since late 2007. Aussie bond yields have opened sharply higher this morning. US equities were mixed, with more members of the S&P 500 falling than gaining, however, strong increases in info tech and consumer discretionary shares pushed the index into the black.

Cybersecurity company Palo Alto led the way, with a near 15% gain, boosted by its stronger-than-expected earnings report delivered on Friday night. Chipmaker Nvidia was next, gaining 8.5%, ahead of what are expected to be very strong Q2 earnings results, due for release tomorrow. Nvidia shares are up over 220% so far this year, due to surging optimism over the future of artificial intelligence (AI), with Nvidia accounting for a reported 70% of AI chip sales.

The People's Bank of China disappointed the market yesterday, cutting its benchmark one-year loan prime rate by a smaller-than-expected 10 basis points to 3.45% (exp. 3.40%) and left its five-year loan prime rate, the key reference rate for mortgages, unchanged at 4.20% (exp. 4.05%). The Chinese central bank is caught between supporting the economy and not fuelling increases in the already large pile of risky debt. Traders in the Chinese equity market found the cut underwhelming, with the CSI 300 falling 1.4% yesterday.

The Aussie dollar slipped against the British pound, euro and the big dollar falling to as low as US\$0.6387 overnight, before clawing its way back above US\$0.64. The Japanese yen was easily the weakest of the major currencies.

Oil prices edged down, however, the benchmark European natural gas contract for September jumped almost 20% on news that workers on Aussie north-west gas facilities moved closer to striking if a deal is not reached between unions and energy companies on pay and conditions. Iron ore futures in Singapore continued to rally despite mounting concerns over the Chinese economic outlook.

The weekly ANZ-Roy Morgan consumer confidence index fell 2.4pts to 75.8 last week, with confidence down in New South Wales, Victoria, and Queensland but higher in Western Australia and South Australia. The index level suggests consumers remain very pessimistic. Inflation expectations jumped 0.3pppts to 5.5%, the highest level in three weeks.

The German producer price index fell a sharper-than-expected 1.1% in July (exp -0.2%) to be down 6.3% YoY. The monthly decline was led by falling energy prices.

## ECONOMIC DATA REVIEW

- **CH:** People's Bank of China (One-year Prime Lending Rate) – Actual 3.45%, Expected 3.40%, Previous 3.55%.
- **AU:** ANZ- Roy Morgan Consumer Confidence Index (w/e 20 Aug) – Actual 75.8, Previous 78.2.

## ECONOMIC DATA PREVIEW

No market-moving data.

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