

Interest Rates (%)			FX			Commodities US\$		
<b>Australia</b>		<b>Δ bp</b>	AUD/USD	0.6570	-0.9%	WTI Crude Oil	80.98	\$1.28
90-day Bill	4.34	0	AUD/JPY	97.56	-0.3%	Brent Crude Oil	85.05	\$1.03
3-year Bond	3.76	7	AUD/EUR	0.6040	-0.2%	Mogas95*	101.84	\$0.68
10-year Bond	4.14	8	AUD/GBP	0.5157	-0.4%	CRB Index	282.95	1.86
			AUD/NZD	1.0746	-0.1%	Gold	2161.41	-\$13.28
			AUD/CNY	4.7353	-0.6%	Silver	24.83	-\$0.22
<b>US</b>			EUR/USD	1.0879	-0.6%	Iron Ore (62% Fe)**	101.75	-\$4.70
2-year	4.69	6	USD/JPY	148.49	0.6%	Iron Ore (23-24 Average)	120.81	-\$0.12
10-year	4.29	10	USD/CNY	7.1943	0.1%	Copper	8887.50	-\$39.50
			<b>RBA Policy</b>			<b>Equities</b>		
<b>Other 10-year</b>			O/N Cash Rate Target	4.35		ASX200	7595	-130
Japan	0.80	2	Interbank O/N Cash Rate	4.32		Dow Jones	38906	-138
Germany	2.43	6	Probability of a 25bps Cut in Mar	2.2%		S&P500	5150	-15
UK	4.09	7	RBA Bond Holdings (29 Feb)	A\$335.5b		Stoxx600	506	-1
						CSI300	3562	-10

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

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

US equities fell again and Treasury yields jumped as an upside surprise to the US PPI, which followed stronger-than-expected CPI results earlier in the week, pushed inflation expectations higher and led to a further unwinding of fed funds rate cut expectations. All sectors declined except energy and communication services. This followed declines in most of continental Europe and mixed results in the Asia-Pacific.

The weaker global market sentiment dragged down the Australian dollar, which depreciated against all the major currencies, particularly the stronger greenback. Commonwealth bond yields rose across the yield curve. The ASX 200 lost 0.2% yesterday, dragged down by a 1.9% drop in financials following a sell recommendation on the major banks issued by an investment bank analyst. The Aussie share market opened lower this morning.

The US PPI rose by 0.6% in February, pushing the annual rate of producer price inflation 0.6ppts higher to 1.6%, which is the highest level since September 2023. This was above the market consensus of 0.3% MoM and 1.2%, respectively. The acceleration in price growth was driven by energy and, to a lesser extent, food. However, the core PPI (excluding food, energy and trade) picked up 0.4% in February, taking the annual inflation rate 0.1ppts higher to 2.8%, unseen since October 2023.

US retail sales rose 0.6% in February, slightly less than the 0.8% expected, while the January estimate was revised down to -1.1% from the initially reported -0.8%. Core retail sales (excluding food, petrol, cars and building materials) was unexpectedly unchanged in February after a 0.3% decline in January.

US initial jobless claims was broadly unchanged at a historically low 209k last week, while the numbers for week ending 2 March were revised down 7k to 210k, suggesting the US labour market remains solid.

In commodity markets, oil prices saw another strong increase after the International Energy Agency said the crude oil market faced a supply deficit this year. Iron ore futures dropped another 4.5% to US\$101.65 a tonne.

From domestic data, payroll jobs rose by an unadjusted 2.0% over the month to 17 February. According to the ABS, this was a seasonal increase that occurs at this time of the year. All but three sectors saw job gains over the month, with the strongest increase registered for education and training (+11.8%). Increases were also registered for all states, ranging from 1.4% in Tasmania and 2.5% in Victoria. Payrolls jobs rose 1.6% in Western Australia, which saw the strongest annual gain of 3.4% compared with the 1.9% national increase.

#### ECONOMIC DATA REVIEW

- **AU:** Payroll Jobs (MoM, w/e 17 Feb) – Actual 2.0%, Previous 1.6%.
- **US:** Retail Sales (MoM, Feb) – Actual 0.6%, Expected 0.8%, Previous -1.1% (revised).
- **US:** PPI (MoM, Feb) – Actual 0.6%, Expected 0.3%, Previous 0.3%.
- **US:** Initial Jobless Claims (w/e 9 Mar) – Actual 209k, Expected 218k, Previous 210k (revised).

#### ECONOMIC DATA PREVIEW

- **US:** Industrial Production (MoM, Feb) – Expected 0.0%, Previous -0.1%.
- **US:** University of Michigan Consumer Confidence (Mar, prelim.) – Expected 77.2, Previous 76.2.

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