

Interest Rates			FX		Commodities US\$			
Australia		Δ bp	AUD/USD	0.6714	0.9%	WTI Crude Oil	67.05	-\$1.36
90-day Bill	3.69	0	AUD/JPY	88.80	0.1%	Brent Crude Oil	73.22	-\$1.60
3-year Bond	2.91	-11	AUD/EUR	0.6285	0.2%	Mogas95*	97.17	\$1.20
10-year Bond	3.34	-10	AUD/GBP	0.5508	0.2%	CRB Index	254.66	-1.99
			AUD/NZD	1.0700	-0.3%	Gold	1976.09	\$54.22
			AUD/CNY	4.6226	0.7%	Silver	22.37	\$0.64
US			EUR/USD	1.0678	0.6%	Iron Ore (62% Fe)**	130.79	\$1.64
2-year Bond	3.97	-22	USD/JPY	132.27	-0.8%	Iron Ore (22-23 Average)	107.77	\$0.12
10-year Bond	3.47	-11	USD/CNY	6.8850	-0.2%	Copper	8580.00	\$62.00
			RBA Policy		Equities			
Other 10-year			O/N Cash Rate Target (%)	3.60		ASX200	6946	-23
Japan	0.25	-5	Interbank O/N Cash Rate (%)	3.57		Dow Jones	31862	-385
Germany	2.10	-15	Probability of a 25bps Hike in Apr	0.0%		S&P500	3917	-44
UK	3.28	-11	RBA Bond Holdings (28 Feb)	A\$350.5b		Stoxx600	436	-5
						CS100	3959	20

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

**Iron ore is the second SGX futures contract.

Wall Street finished a tumultuous week lower on Friday, amid fresh contagion fears over the US and global banking sectors. The S&P 500 still managed to gain last week, but the Dow Jones and Nasdaq are both in the red for the week. Government bond yields plunged again, while the Aussie dollar appreciated against all the major currencies.

The weekend events in the global banking sector included the Swiss Financial Market Supervision Authority approving the takeover of Credit Suisse by UBS (and the Swiss government changing the law for this transaction to happen), and SVB Financial Group announcing that they will seek Chapter 11 bankruptcy protection. The Fed along with other major central banks announced a coordinated action to enhance the provision on US dollar liquidity.

US economic releases on Friday were mostly on the weak side. Industrial production growth unexpectedly stagnated in February, from upwardly revised numbers for the previous month (+0.3% against 0.0% estimated initially). Manufacturing growth slowed to just 0.1%, from 1.3% in the previous month. The preliminary reading of the University of Michigan consumer confidence index for March surprisingly fell 3.6pts to 63.4, the lowest level this year so far. The deterioration in confidence came despite one-year consumer inflation expectations declining to 3.8%, which is the lowest level since April 2021. Five-year expectations ebbed to 2.8%, unseen since September 2022.

Markets continue to expect a 25bps fed funds rate hike on Wednesday, though the probability of no change has risen to 40% and cuts are increasingly priced in for the second half of the year.

In commodity markets, Brent crude oil futures fell by another 2.5% on Friday, to see the largest weekly loss since early August. Iron ore futures rose by another 1.3%.

In the Australian markets, Commonwealth bond yields fell less than their US equivalents, while the futures market is pricing in no change in the RBA cash rate target at the April meeting. The ASX 200 opened 0.8% lower this morning, after gaining 0.4% on Friday.

RBA Assistant Governor Christopher Kent, speaking this morning, discussed the two sources of the larger-than-usual lags in monetary policy in this cycle, the increase in popularity of fixed-rate mortgages during the period of low mortgage rates, and the elevated amount of savings, including in offset accounts accumulated during that period. He also briefly discussed the impact of the April 2023 Commonwealth bond maturity on the RBA balance sheet.

Central bank action [this week](#) will be highlighted by the FOMC decision in the US on Wednesday, while at home the RBA Board minutes will be released on Tuesday and the Bank of England will announce its monetary policy decision on Thursday. The most important economic data will be the US durable goods report for February, as well as the flash March PMIs for the major advanced economies and Australia on Friday.

ECONOMIC DATA REVIEW

- **US:** Industrial Production (MoM, Feb) – Actual 0.0%, Expected 0.3%, Previous 0.3% (revised).
- **US:** University of Michigan Consumer Confidence (Mar, Preliminary) – Actual 63.4, Expected 67.0, Previous 67.0.

ECONOMIC DATA PREVIEW

- **AU:** ANZ Roy Morgan Consumer Confidence (w/e 18 Mar) – Previous -2.9% (tomorrow).
- **CH:** PBoC Decision (One-year Loan Prime Rate) – Expected 3.65%, Previous 3.65%.

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