

Interest Rates			FX			Commodities		
Australia		Δ bp	AUD/USD	0.7082	0.1%	WTI Crude Oil	62.29	-\$1.41
90-day Bill	3.97	0	AUD/JPY	108.54	0.0%	Brent Crude Oil	67.42	-\$1.23
3-year Bond	4.24	0	AUD/EUR	0.5976	0.1%	Mogas95*	76.28	-\$0.16
10-year Bond	4.71	0	AUD/GBP	0.5221	0.6%	CRB Index	302.14	-4.40
			AUD/NZD	1.1709	-0.2%	Gold	4865.40	-\$114.10
			AUD/CNY	4.8600	-0.6%	Silver	72.58	-\$3.47
US			EUR/USD	1.1852	0.0%	Iron Ore (62% Fe)**	96.25	-\$0.70
2-year	3.43	2	USD/JPY	153.25	-0.1%	Iron Ore (25-26 Average)	103.28	-\$0.04
10-year	4.05	1	USD/CNY	6.9049	0.0%	Copper	12619.50	-\$231.00
			RBA Policy			Equities		
Other 10-year			O/N Cash Rate Target	3.85		ASX200	9003	23
Japan	2.12	-9	Interbank O/N Cash Rate	3.85		Dow Jones	49533	32
Germany	2.74	-2	Probability of a 25bps Hike in Mar	8.9%		S&P500	6843	7
UK	4.38	-2	RBA Bond Holdings (30 Jan)	A\$250.2b		Stoxx600	621	3
						CSI300***	4660	0

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

**Iron ore is the second SGX futures contract.

***No change due to a public holiday.

Wall Street started the trading week with some volatility and eventual moderate gains, with no first-tier data to provide guidance. US Treasury yields rose slightly, especially at the front end of the curve, while the US dollar was little changed overnight.

The gains in the US followed increases in Europe and mixed results in the Asia-Pacific region. The ASX 200 closed 0.2% higher yesterday, with results mixed across the sectors. The strongest gain was recorded in materials, while real estate saw the largest decline. The Aussie share market opened in the black this morning. Commonwealth bond yields were little changed, as the RBA minutes brought no major surprises.

In commodity markets, oil prices fell by around 2% overnight in reaction to news that Iran and the US had agreed to 'guiding principles' for a new nuclear deal. This was despite Iran allegedly threatening with a closure of the critical Strait of Hormuz during the talks. The gold price also fell by 2.3%, reaching its lowest level in two weeks. Iron ore futures fell by 0.7% amid limited demand during the Chinese New Year celebrations.

Data-wise, the New York Empire State manufacturing index ebbed by 0.6 points to 7.1, which is still a positive reading. The report pointed to a rise in new orders, a rebound in employment and a faster rise in costs and selling prices.

Across the Pacific, the UK unemployment rate unexpectedly picked by 0.1 percentage points to 5.2% in the three months to December, while employment growth slowed to 52k from 82k. A separate set of data suggested a rise in the registered unemployment rate to 4.4% and a fall in payrolls in January.

In Australia, minutes from the February Monetary Policy Board meeting repeated what was said just after the cash rate hike and the subsequent multiple public appearances by RBA officials. The RBA justified the cash rate hike as being consistent with implementing its monetary strategy when the outlook and the balance of risks to inflation and employment have changed.

As for the cash rate outlook, the minutes repeated that – due to high uncertainty – it was not possible to provide forward guidance. The document also said that the Monetary Policy Board members will need to monitor incoming data to determine if further cash rate increases are needed.

Economic Data Review

- **UK:** Unemployment Rate (Oct-Dec) – Actual 5.2%, Expected 5.1%, Previous 5.1%.
- **US:** New York Fed Empire State Manufacturing (Feb) – Actual 7.1, Expected 6.2, Previous 7.7.

Economic Data Preview

- **AU:** Wage Price Index (QoQ, Q4) – Expected 0.8%, Previous 0.8%.
- **NZ:** RBNZ Decision (Official Cash Rate) – Expected 2.25%, Previous 2.25%.
- **UK:** CPI (MoM, Jan) – Expected -0.5%, Previous 0.4%.
- **US:** Industrial Production (MoM, Jan) – Expected 0.4%, Previous 0.4%.
- **US:** Durable Goods Orders (MoM, Dec) – Expected -2.0%, Previous 5.3%.
- **US:** FOMC Minutes.