

Interest Rates			FX		Commodities US\$			
Australia		Δ bp	AUD/USD	0.6592	0.1%	WTI Crude Oil	76.58	-\$0.61
90-day Bill	3.64	0	AUD/JPY	90.21	-0.3%	Brent Crude Oil	82.66	-\$0.63
3-year Bond	3.40	0	AUD/EUR	0.6246	0.0%	Mogas95*	99.98	-\$3.17
10-year Bond	3.68	-3	AUD/GBP	0.5561	-0.1%	CRB Index	267.02	-2.56
			AUD/NZD	1.0777	-0.1%	Gold	1815.18	\$2.29
			AUD/CNY	4.5812	-0.1%	Silver	20.04	-\$0.01
US			EUR/USD	1.0550	0.1%	Iron Ore (62% Fe)**	126.84	-\$0.12
2-year Bond	5.05	3	USD/JPY	136.92	-0.4%	Iron Ore (22-23 Average)	106.89	\$0.11
10-year Bond	3.97	0	USD/CNY	6.9496	-0.2%	Copper	8910.50	\$147.00
			RBA Policy		Equities			
			O/N Cash Rate Target (%)	3.60		ASX200	7307	8
			Interbank O/N Cash Rate (%)	3.57		Dow Jones	32798	-58
Other 10-year			Probability of a 25bps Hike in Apr	39.2%		S&P500	3992	6
Japan	0.50	0	RBA Bond Holdings (28 Feb)	A\$350.5b		Stoxx600	461	0
Germany	2.65	-5				CSB300	4034	-15
UK	3.76	-6						

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

**Iron ore is the second SGX futures contract.

US equities were mixed overnight with the Dow Jones seeing another slight decline, while the S&P 500 and Nasdaq closed somewhat higher. US 2-year Treasuries climbed again, albeit less decisively than the previous night, and the US dollar stabilised. The AUD has depreciated against all the major currencies but the euro.

The Fed's Beige Book, summarising the anecdotal information on current economic conditions across the Fed districts, showed that economic activity has increased in the US since late January, as supply chain disruptions continued to ease. Several districts hinted, however, that high inflation is constraining purchasing power of consumers and expressed concerns about rising credit card debt.

Fed Chair Jerome Powell testified before the Financial Services Committee of US House of Representatives, echoing the hawkish comments he made in the [US Senate](#) the day before. He added that, while deciding on the pace of tightening in March, the FOMC will be looking closely at the official labour market figures tomorrow, as well as the CPI numbers next week.

Meanwhile, the ADP employment report showed that US private sector payrolls rose by another 242k in February, from an upwardly revised 119k increase the previous month. The JOLTS report showed job openings were higher than expected at the end of January, with an upward revision for the December numbers. There are still nearly twice as many openings as the number of officially unemployed, pointing to ongoing tightness in the US labour market.

The markets continue to expect that the FOMC will increase the fed funds rate target range by 50bps to 5.00-5.25% at the upcoming meeting on 21-22 March, with the peak of the cycle now expected at 5.50-5.75%.

The Bank of Canada left its policy rate unchanged at 4.50%, as hinted after the previous monetary policy meeting.

In commodity markets, oil prices continued to fall overnight, still dragged down by concerns over the impact of Fed tightening. This came despite news of a decline in US oil stocks last week, after 10 weeks of consecutive increases. Iron ore futures ebbed by 0.1%.

In the local markets, the ASX 200 has opened near flat this morning, after losing 0.8% yesterday. 10-year Commonwealth bond yields fell this morning, remaining under downward pressure following the less hawkish RBA communication this week. The probability of a 25bps RBA cash rate hike in April remains below 50%.

ECONOMIC DATA REVIEW

- **US:** ADP Employment (monthly change, Feb) – Actual 242k, Expected 200k, Previous 119k (revised).
- **US:** Trade Balance (Feb) – Actual -US\$68.3b, Expected -US\$69.0b, Previous -US\$67.2b (revised).
- **US:** JOLTS Job Openings (Jan) – Actual 10,824k, Expected 10,500k, Previous 11,234k (revised).

ECONOMIC DATA PREVIEW

- **CH:** CPI (YoY, Feb) – Expected 1.0%, Previous 2.1%.
- **CH:** PPI (YoY, Feb) – Expected -1.2%, Previous -0.8%.
- **US:** Initial Jobless Claims (w/e 4 Mar) – Expected 195k, Previous 190k.

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