

Interest Rates			FX			Commodities		
<b>Australia</b>		$\Delta$ bp	AUD/USD	0.6847	-0.1%	WTI Crude Oil	106.22	\$3.84
90-day Bill	4.31	-1	AUD/JPY	109.42	-0.4%	Brent Crude Oil	112.78	-\$2.79
3-year Bond	4.67	-8	AUD/EUR	0.5976	0.2%	Mogas95*	140.13	\$13.51
10-year Bond	5.03	-8	AUD/GBP	0.5198	0.5%	CRB Index	371.29	2.38
			AUD/NZD	1.1977	0.2%	Gold	4519.29	\$71.38
			AUD/CNY	4.7365	-0.3%	Silver	69.98	\$2.18
<b>US</b>			EUR/USD	1.1457	-0.3%	Iron Ore (61% Fe)**	107.15	\$0.00
2-year	3.83	-8	USD/JPY	159.81	-0.3%	Iron Ore (25-26 Average)	103.27	\$0.02
10-year	4.35	-8	USD/CNY	6.9125	0.0%	Copper	12223.50	\$28.50
			RBA Policy			Equities		
			O/N Cash Rate Target	4.10		ASX200	8447	32
			Interbank O/N Cash Rate	4.10		Dow Jones	45216	50
<b>Other 10-year</b>			Probability of a 25bps Hike in May	64.4%		S&P500	6344	-25
Japan	2.37	-1	RBA Bond Holdings (27 Feb)	A\$250.0b		Stoxx600	581	5
Germany	3.04	-6				CSI300	4492	-11
UK	4.94	-4						

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

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

Wall Street started the new trading week with more measured losses, while US Treasury yields fell amid soothing comments by Fed Chair Jerome Powell that caused fed funds rate hike expectations to largely disappear. The S&P 500 ebbed by 0.4% and the Nasdaq lost 0.7%, while the Dow Jones managed to close marginally higher.

The Australian dollar depreciated against the stronger greenback and the Japanese yen, while Commonwealth bond yields declined in line with their US equivalents. The ASX 200 opened slightly lower this morning, having declined by 0.7% yesterday despite quite solid gains in materials, energy, utilities and consumer staples.

Speaking at a university event, Fed Chair Jerome Powell assessed that inflation expectations remain in check, while monetary policy settings are 'in a good place' for a wait-and-see approach. He reminded that a typical approach that a central bank should take to a supply shock, such as the spike in fuel prices due to the closure of the Strait of Hormuz, is to look through the shock and monitor inflation expectations.

New York Fed President John Williams echoed these comments, saying that while the conflict in the Middle East is adding to uncertainty about the economic outlook, US monetary policy is 'well positioned' to balance the risks.

Meanwhile, US President Donald Trump said in a social media post that negotiations with Iran continue, with 'great progress' being made. However, he also threatened attacks on energy facilities, including Kharg Island, if the Strait of Hormuz is not 'open for business' immediately. Oil prices were mixed overnight, with WTI futures climbing further and Brent futures declining after spiking late last week.

Preliminary inflation data encompassing the oil price shock have started to emerge. They do not point to much impact in Japan so far, with a 0.1ppts decline in annual Tokyo CPI inflation to 1.4% in March, from a downwardly revised level for February. However, in Germany, HICP inflation bounced by 0.8ppts to a two-year high of 2.8% in March. Inflation figures for the entire euro area are scheduled for release later today.

In Australia, ANZ Roy Morgan consumer confidence dropped by another 6.8% last week, reaching a new record low of 58.8 (since 1973). This came as consumer inflation expectations rose by 0.4ppts to a series high of 7.3% (since 2010).

From other domestic news, the Commonwealth government has halved the fuel excise tax for three months and waived the heavy vehicle road user charge for six months, effective tomorrow. These measures are estimated to cost the Commonwealth budget about A\$2.6b (less than 0.1% of GDP).

### Economic Data Review

- **AU:** ANZ Roy Morgan Consumer Confidence (w/e 28 Mar) – Actual 58.8, Previous 63.1.
- **DE:** HICP (YoY, Mar, flash) – Actual 2.8%, Expected 2.8%, Previous 2.0%.

### Economic Data Preview

- **AU:** RBA Monetary Policy Board Minutes (Mar).
- **AU:** Private Sector Credit (MoM, Feb) – Expected 0.6%, Previous 0.5%.
- **CH:** NBS Composite PMI (Mar) – Previous 49.5.
- **EZ:** HICP (YoY, Mar, flash) – Expected 2.6%, Previous 1.9%.
- **US:** Case-Shiller House Price Index 20 Cities (MoM, Jan) – Expected 0.4%, Previous 0.5%.
- **US:** JOLTS Job Openings (Feb) – Expected 6,895k, Previous 6,946k.