

| Interest Rates (%) | | | FX | | | Commodities US\$ | | |
|----------------------|------|----|------------------------------------|-----------|-------|--------------------------|---------|---------|
| Australia | | | AUD/USD | 0.6417 | 0.0% | WTI Crude Oil | 81.23 | \$1.09 |
| 90-day Bill | 4.14 | -1 | AUD/JPY | 93.14 | -0.3% | Brent Crude Oil | 84.70 | \$0.88 |
| 3-year Bond | 3.86 | -8 | AUD/EUR | 0.5896 | 0.0% | Mogas95* | 102.04 | \$1.52 |
| 10-year Bond | 4.23 | -8 | AUD/GBP | 0.5033 | 0.1% | CRB Index | 275.48 | 1.08 |
| | | | AUD/NZD | 1.0819 | 0.0% | Gold | 1890.79 | -\$1.49 |
| | | | AUD/CNY | 4.6661 | 0.1% | Silver | 22.82 | \$0.06 |
| US | | | EUR/USD | 1.0884 | 0.1% | Iron Ore (62% Fe)** | 105.55 | -\$0.75 |
| 2-year | 4.93 | 0 | USD/JPY | 145.15 | -0.4% | Iron Ore (23-24 Average) | 107.40 | -\$0.01 |
| 10-year | 4.25 | -2 | USD/CNY | 7.2845 | 0.0% | Copper | 8240.50 | \$5.00 |
| | | | RBA Policy | | | Equities | | |
| | | | O/N Cash Rate Target | 4.10 | | ASX200 | 7143 | 4 |
| | | | Interbank O/N Cash Rate | 4.07 | | Dow Jones | 34501 | 26 |
| | | | Probability of a 25bps Hike in Sep | 2.4% | | S&P500 | 4370 | -1 |
| | | | RBA Bond Holdings (31 Jul) | A\$337.0b | | Stoxx600 | 448 | -3 |
| | | | | | | CSI300 | 3784 | -47 |
| Other 10-year | | | | | | | | |
| Japan | 0.63 | -1 | | | | | | |
| Germany | 2.62 | -9 | | | | | | |
| UK | 4.68 | -7 | | | | | | |

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

**Iron ore is the second SGX futures contract.

Concern over possible financial instability in China kept financial markets on edge on Friday. US equities closed pretty much flat following losses across most of Europe and the Asia-Pacific. Government bond yields declined after rising through most of last week.

The Aussie equity market closed virtually unchanged on Friday however, the market has opened lower this morning. Aussie bond yields fell along with global yields but also as trouble in China saw traders cut their expectations for an RBA rate hike in September to near zero. The Aussie dollar slipped to as low as US\$0.6379 but recovered to be currently almost unchanged against the big dollar from Friday morning.

The People's Bank of China met with financial institutions and regulators over the weekend, telling the banks to increase their lending and urging regulators to optimise policies for home mortgage lending. Measures to reduce risks in the heavily indebted local government sector were also discussed. The meeting comes after a week when financial market risks in China escalated substantially. The People's Bank of China will almost certainly cut its benchmark one-year prime loan rate by 15 basis points to 3.40% today, having cut its one-year medium term lending facility rate by 15 basis points last week.

Nomura became the latest financial institution to slash its China growth forecast for 2023, cutting it to 4.6% from 5.1%. The Chinese government is targeting 5.0% growth this year.

Commodity prices were mixed, with iron ore dragged down by troubles in the Chinese property sector and deteriorating outlook. Oil prices steadied following a week of losses.

It'll be a quiet week for domestic economic news with the release on Wednesday of the Judo bank flash PMI for August the major piece of economic data. The major event overseas will be the annual central bank symposium at Jackson Hole in Wyoming from Thursday to Saturday. Other events will be the People's Bank of China announcement today, the flash PMIs for August for the major economies on Wednesday, US existing home sales for July on Thursday and US durable goods orders for July on Thursday.

Any news out of China regarding the trouble in the financial and property sectors carries the most risk of causing market volatility.

ECONOMIC DATA REVIEW

No market-moving data.

ECONOMIC DATA PREVIEW

- **CH:** People's Bank of China (One-year Prime Lending Rate) – Expected 3.40%, Previous 3.55%.

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