

Interest Rates (%)			FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.6526	0.4%	WTI Crude Oil	78.20	\$1.72
90-day Bill	4.34	-1	AUD/JPY	97.84	0.1%	Brent Crude Oil	82.86	\$1.26
3-year Bond	3.76	-5	AUD/EUR	0.6057	0.0%	Mogas95*	100.90	\$0.48
10-year Bond	4.17	-3	AUD/GBP	0.5180	0.2%	CRB Index	271.28	1.10
			AUD/NZD	1.0679	0.1%	Gold	2003.66	\$9.72
			AUD/CNY	4.6881	0.4%	Silver	22.96	\$0.59
US			EUR/USD	1.0773	0.4%	Iron Ore (62% Fe)**	129.70	\$0.45
2-year	4.58	1	USD/JPY	149.94	-0.3%	Iron Ore (23-24 Average)	121.57	\$0.04
10-year	4.23	-2	USD/CNY***	7.1936	0.0%	Copper	8314.00	\$117.00
			RBA Policy			Equities		
			O/N Cash Rate Target		4.35	ASX200	7666	58
Other 10-year			Interbank O/N Cash Rate		4.32	Dow Jones	38773	349
Japan	0.73	-1	Probability of a 25bps Cut in Mar		6.7%	S&P500	5030	29
Germany	2.36	2	RBA Bond Holdings (31 Jan)		A\$336.1b	Stoxx600	489	3
UK	4.05	1				CSI300***	3365	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 the Chinese New Year Holiday.

The US stock indices continued to climb overnight, with the S&P 500 reaching a fresh record high, as a disappointing US retail sales report for January eased concerns that the Fed may not start easing early due to the strength of consumer demand. This followed gains in Europe and most of Asia-Pacific, including Australia.

The AUD/USD rose 0.4% to US\$0.6526 at the time of writing, which masked a temporary decline to a low of US\$0.6478 yesterday following the disappointing Aussie labour force survey results. The weak Aussie labour force survey also led to a decline in Commonwealth bond yields, particularly at the front end of the curve, as RBA cash rate cut expectations intensified a little. However, the first cut continues not to be fully priced in until September.

US retail sales dropped 0.8% in January, following a downwardly revised increase of 0.4% in December. The decline was quite broad-based, with core retail sales (excluding food services, petrol, cars and building materials) falling 0.4%. The declines in headline and core retail sales were the strongest since March 2023. Sales were up just 0.6% from January 2023. US industrial production declined by 0.1% in January, with the manufacturing index falling 0.5%.

From other global data, UK and Japanese national accounts for Q4 indicated that both economies slipped into technical recession in late 2023.

In Australia, **employment** rose just 0.5k in January, significantly less than the 25.0k expected by the markets, after dropping 62.7k in December. The unemployment rate rose to a two-year high of 4.1% (mkt exp. 4.0%), which is still low by historical standards. According to the ABS, the numbers were impacted by a change in seasonal patterns after COVID-19, more specifically a greater use of annual leave and more people expecting to start a job or return to work in the next four weeks.

From other data, CBA household spending indicator bounced 3.1% in January after a 3.5% drop in December to be up 3.6% YoY. Melbourne Institute consumer inflation expectations remained unchanged at 4.5% in January.

## ECONOMIC DATA REVIEW

- **AU:** Employment (monthly change, Jan) – Actual 0.5k, Expected 25.0k, Previous 62.7k (revised).
- **AU:** Unemployment Rate (Jan) – Actual 4.1%, Expected 4.0%, Previous 3.9%.
- **AU:** Melbourne Institute Consumer Inflation Expectations (Jan) – Actual 4.5%, Previous 4.5%.
- **AU:** Commonwealth Bank Household Spending Indicator (MoM, Jan) – Actual 3.1%, Previous -3.5% (revised).
- **JP:** GDP (QoQ, Q4) – Actual -0.1%, Expected 0.2%, Previous -0.8% (revised).
- **UK:** GDP (QoQ, Q4) – Actual -0.3%, Expected -0.1%, Previous -0.1%.
- **US:** Retail Sales (MoM, Jan) – Actual -0.8%, Expected -0.2%, Previous 0.4% (revised).
- **US:** Industrial Production (MoM, Jan) – Actual -0.1%, Expected 0.2%, Previous 0.0% (revised).

## ECONOMIC DATA PREVIEW

- **US:** PPI (MoM, Jan) – Expected 0.1%, Previous -0.2%.

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