

Interest Rates			FX			Commodities		
Australia		Δ bp	AUD/USD	0.7027	-1.0%	WTI Crude Oil	75.26	\$4.25
90-day Bill	4.07	7	AUD/JPY	110.72	-0.8%	Brent Crude Oil	81.40	\$3.66
3-year Bond	4.35	6	AUD/EUR	0.6056	-0.2%	Mogas95*	93.12	\$5.68
10-year Bond	4.78	6	AUD/GBP	0.5268	-0.5%	CRB Index	326.30	5.75
			AUD/NZD	1.1939	0.0%	Gold	5120.03	-\$236.88
			AUD/CNY	4.8728	-0.4%	Silver	82.92	-\$7.67
US			EUR/USD	1.1605	-0.7%	Iron Ore (61% Fe)**	97.80	-\$0.80
2-year	3.51	4	USD/JPY	157.56	0.2%	Iron Ore (25-26 Average)	102.95	-\$0.03
10-year	4.06	2	USD/CNY	6.9181	0.2%	Copper	12955.00	-\$153.00
			RBA Policy			Equities		
			O/N Cash Rate Target	3.85		ASX200	8939	-183
			Interbank O/N Cash Rate	3.85		Dow Jones	48501	-404
Other 10-year			Probability of a 25bps Hike in Mar	31.0%		S&P500	6817	-65
Japan	2.12	2	RBA Bond Holdings (27 Feb)	A\$250.0b		Stox600	604	-19
Germany	2.75	4				CSI300	4656	-73
UK	4.47	10						

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

**Iron ore is the second SGX futures contract.

Global share markets were again a sea of red last night amid fears that the conflict in the Middle East is spreading and might turn out to be more prolonged than hoped. The MSCI World Index, a gauge of developed markets, dropped by 1.7%, the most since October, while the US S&P 500 saw a broad-based fall of 0.9%. This followed heavy declines in Europe and across the Asia-Pacific region.

Government bond yields rose as investors are increasingly concerned about the inflationary impacts of a surge in oil prices and the impact on the monetary policy outlook. These concerns were amplified by signals from New York Fed President John Williams and his Minneapolis counterpart Neel Kashkari that the escalation of the conflict in the Middle East adds to the already elevated uncertainty, with Kashkari having doubts about the rationale for rate cuts in the coming months. UK gilt yields saw particularly strong increases, reflecting fears over fiscal space in Great Britain.

The US dollar continued to benefit from flight-to-safety flows, while the prices of gold and silver retreated. Oil prices surged further, with Brent futures at their highest in around a year, as the crucial Strait of Hormuz remains effectively closed and attacks on processing facilities continue across the Middle East.

The Australian dollar has caught up with the bleak global market sentiment, depreciating against all major currencies. Commonwealth bond yields again rose more than their US equivalents, which was an aftermath of hawkish comments by RBA Governor Michele Bullock yesterday morning. The ASX 200 dropped by 1.3% yesterday, with energy and consumer staples being the only sectors not to see losses. The Aussie share market opened in deep red today.

Data-wise, the Australian current account deficit deteriorated to A\$21.1b in Q4 2025, the fourth largest on record, reflecting a widening in the net primary income deficit amid dividend payments by Aussie companies to foreign investors. Trade surplus declined only marginally but was still the lowest since mid-2018. Solid domestic demand saw imports grow slightly stronger than exports, with fossil fuels being the only category that saw a decline in credits. The ABS estimates that net trade detracted 0.1ppts from Q4 GDP growth, scheduled for release later this morning.

From other GDP partials, growth in corporate profits accelerated to 5.8% in Q4 2025, the fastest pace in three years, with mining profits up by 8.1%, while wages and salaries picked up by 0.9%. Total public demand is estimated to have risen by 1.8% and contributed 0.3ppts to Q4 GDP growth.

From more recent data, Australian dwelling approvals fell by 7.2% in January, again dragged down by a 29.8% drop in dwellings other than houses, while private sector house approvals rose by 0.4%.

Economic Data Review

- **AU:** Current Account Balance (Q4) – Actual -A\$21.1b, Expected -A\$16.3b, Previous -A\$18.3b (revised).
- **AU:** Dwelling Approvals (MoM, Jan) – Actual -7.2%, Expected 6.0%, Previous -14.9%.

Economic Data Preview

- **AU:** GDP (QoQ, Q4) – Expected 0.8%, Previous 0.4%.
- **CH:** NBS Composite PMI (Feb) – Previous 49.8.
- **CH:** RatingDog Services PMI (Feb) – Previous 51.6.
- **US:** ADP Employment (monthly change, Feb) – Expected 50k, Previous 22k.
- **US:** ISM Services PMI (Feb) – Expected 53.5, Previous 53.8.