

Interest Rates (%)			FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.6476	0.8%	WTI Crude Oil	81.40	\$1.32
90-day Bill	4.13	-1	AUD/JPY	94.55	0.5%	Brent Crude Oil	85.65	\$1.25
3-year Bond	3.79	-3	AUD/EUR	0.5957	0.4%	Mogas95*	100.27	-\$3.57
10-year Bond	4.07	-4	AUD/GBP	0.5124	0.6%	CRB Index	279.79	1.15
			AUD/NZD	1.0857	-0.2%	Gold	1936.17	\$14.50
			AUD/CNY	4.7150	0.7%	Silver	24.71	\$0.49
US			EUR/USD	1.0870	0.4%	Iron Ore (62% Fe)**	112.85	-\$0.35
2-year	4.90	-9	USD/JPY	146.01	-0.3%	Iron Ore (23-24 Average)	108.21	\$0.08
10-year	4.13	-6	USD/CNY	7.2807	-0.1%	Copper***	8448.50	\$93.00
			RBA Policy			Equities		
			O/N Cash Rate Target		4.10	ASX200	7266	106
			Interbank O/N Cash Rate		4.07	Dow Jones	34853	293
Other 10-year			Probability of a 25bps Hike in Sep		4.8%	S&P500	4498	64
Japan	0.65	0	RBA Bond Holdings (31 Jul)		A\$337.0b	Stoxx600	460	4
Germany	2.51	-5				CSI300	3790	37
UK	4.42	-2						

\*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 a bank holiday.

US stocks continued to climb last night, while the recent rise in fed funds rate expectations were unwound following the downside surprise to JOLTS job openings. The decline in fed funds rate expectations led to a decline in US Treasury yields, particularly for shorter maturities. The better global market sentiment resulted in appreciation of the Aussie dollar against all the major currencies.

Job openings fell to 8,827k in July, the lowest level since March 2021. There are still nearly 3 million more job openings than officially unemployed in the US, but this difference is the lowest since August 2021. Easing labour market conditions in the US should lead to lower wage pressures in the economy, which should in turn reduce some of the upward pressure on inflation. Although labour market conditions remain tight.

Following the JOLTS data, fed funds rate expectations declined slightly, with a 25bps hike around 10% priced in for September and nearly 40% priced in for November. However, traders are now expecting some probability of a fed funds rate cut in Q2 2024.

Other US economic data were also supportive of the view that further tightening may not be needed. The Conference Board consumer confidence index unexpectedly fell 7.9pts to 106.1 in August, the lowest level since May, with both the current situation and expectations indices declining. The Case-Shiller 20-city house price index increased 0.9% in June, with the annual pace of decline slowing to 1.2% from 1.7% in May.

In Australia, Michele Bullock had her first public appearance since being appointed as the RBA Governor. In her speech, she drew attention to the upward pressure on prices from the climate change and the energy transition. In the Q&A session, she confirmed that cash rate decisions will be made on a meeting-to-meeting basis.

The incoming Governor's speech had no impact on cash rate expectations, with the market still expecting no change at the RBA Board meeting next week. Commonwealth bond yields fell less than their US equivalents. The ASX 200 rose by 0.7% yesterday, led by the materials sector on hopes for more stimulus from China. There were also further solid increases in consumer discretionary stocks.

## ECONOMIC DATA REVIEW

- **US:** Case-Shiller House Price Index (MoM, Jun) – Actual 0.9%, Expected 0.8%, Previous 1.0%.
- **US:** Conference Board Consumer Confidence (Aug) – Actual 106.1, Expected 116.0, Previous 114.0 (revised).
- **US:** JOLTS Job Openings (Jul) – Actual 8,827k, Expected 9,500k, Previous 9,165k (revised).

## ECONOMIC DATA PREVIEW

- **AU:** Monthly CPI Indicator (YoY, Jul) – Expected 5.2%, Previous 5.4%.
- **AU:** Building Approvals (MoM, Jul) – Expected -0.5%, Previous -7.7%.
- **AU:** Construction Work Done (QoQ, Q3) – Expected 0.9%, Previous 1.8%.
- **US:** ADP Employment (monthly change, Aug) – Expected 195k, Previous 324k.

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