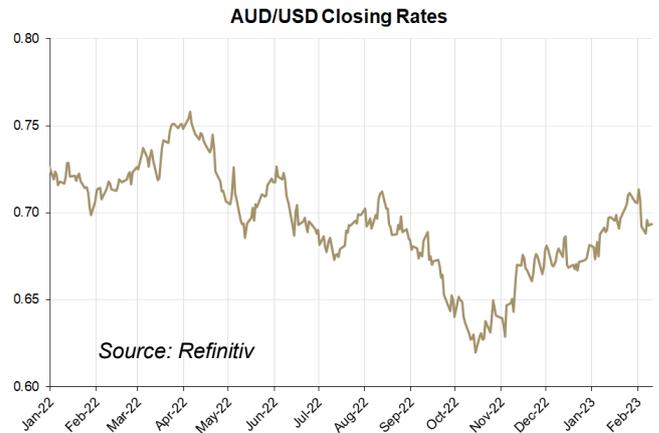


Currencies

The Aussie dollar has had another dismal week, depreciating against all the major currencies but the Japanese yen, amid a deterioration in global market sentiment. The support from the more hawkish post-meeting statement by RBA Governor Lowe was short-lived.

The AUD/USD fell 1.8%, mainly due to the strength of the greenback, amid the rise in fed funds rate expectations. The scale of depreciation of the Aussie dollar was lower against the euro and British pound.

The Japanese yen weakened by 2.3% against the US dollar this week amid anxiety ahead of the nomination of the new Governor of the Bank of Japan.



Spot rates		Current	High	Low	Change (%)	52-Week High	52-Week Low
AUD/USD		0.6933	0.7157	0.6853	↓1.8	0.7661	0.6169
AUD/EUR		0.6461	0.6554	0.6377	↓0.3	0.7000	0.6245
AUD/GBP		0.5728	0.5806	0.5600	↓0.9	0.6260	0.5244
AUD/JPY		91.29	92.81	89.86	↑0.5	98.43	81.50
AUD/CNY		4.7086	4.8441	4.6509	↓1.2	4.8743	4.4365
EUR/USD		1.0729	1.1033	1.0665	↓1.5	1.1495	0.9534
GBP/USD		1.2102	1.2447	1.1958	↓0.9	1.3643	1.0382
USD/JPY		131.68	132.90	128.07	↑2.4	151.94	114.39
USD/CNY		6.7916	6.7916	6.7055	↑0.7	7.3270	6.3025

Forward Rates		Spot	3M	6M	12M
AUD/USD		0.6933	0.6954	0.6972	0.7005
AUD/EUR		0.6461	0.6446	0.6433	0.6399
AUD/GBP		0.5728	0.5734	0.5737	0.5733
AUD/JPY		91.29	90.41	89.44	87.37
AUD/NZD		1.0973	1.1004	1.1036	1.1083
AUD/SGD		0.9198	0.9204	0.9200	0.9181

Commodities

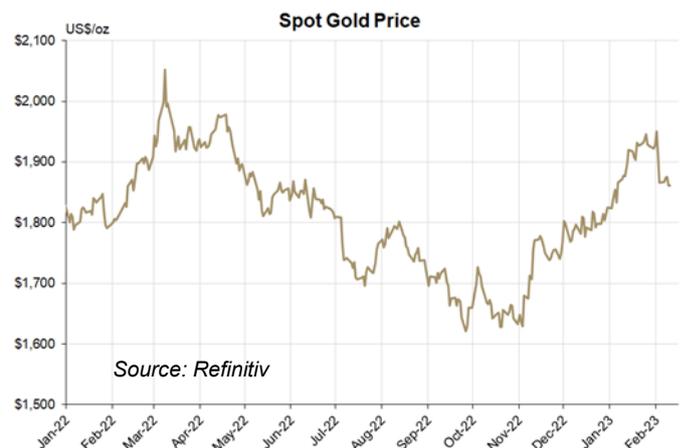
Commodity prices slumped last Friday, spooked by the lift in rate hike expectations in the US and the rise in the US dollar, with the CRB Commodity Index falling to its lowest level in almost a month, before recovering most of those losses this week.

Much of the recovery in the CRB index was driven by a rebound in petroleum prices following a slump last Friday, as the earthquake in Turkey and Syria disrupted oil supplies in the region.

Iron ore slipped early in the week on concerns over Chinese steel demand, hitting a three-week low on Tuesday, before bouncing later in the week.

This week saw the first Aussie coal shipment reach China in over two years.

Gold has been a major casualty of the rise in US interest rate hike expectations and associated appreciation of the greenback.



	Current	High	Low	Change	52-Week High	52-Week Low
Gold (US\$)	\$1,860.16	\$1,918.57	\$1,858.68	(↓\$55.11)	\$2,069.89	\$1,613.60
Brent Crude Oil (US\$)	\$84.26	\$85.50	\$79.10	(↑\$2.28)	\$139.13	\$75.11
Mogas95* (US\$)	\$101.45	\$101.50	\$95.37	(↑\$2.8)	\$161.20	\$82.60
WTI Oil (US\$)	\$77.75	\$78.84	\$72.25	(↑\$2.06)	\$130.50	\$70.08
CRB Index	270.48	270.94	266.19	(↓1.15)	329.59	262.07
Iron Ore Price 62% Fe (US\$) **	123.97	\$125.70	\$119.10	(↓\$0.11)	\$171.00	\$75.30

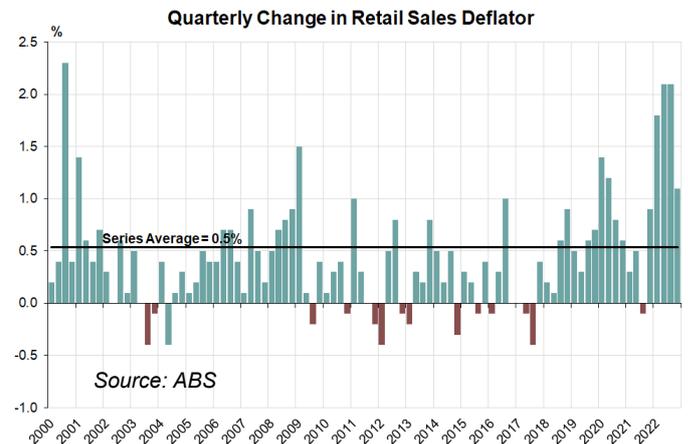
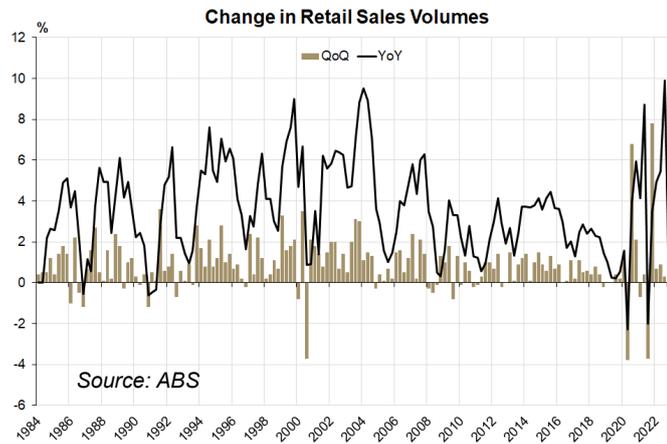
*Mogas95 is the Singapore benchmark petrol price closely linked to Australian domestic fuel prices.

** The Iron Ore Price is the SGX 62% Fe iron ore futures 2nd contract.

DOMESTIC ECONOMY

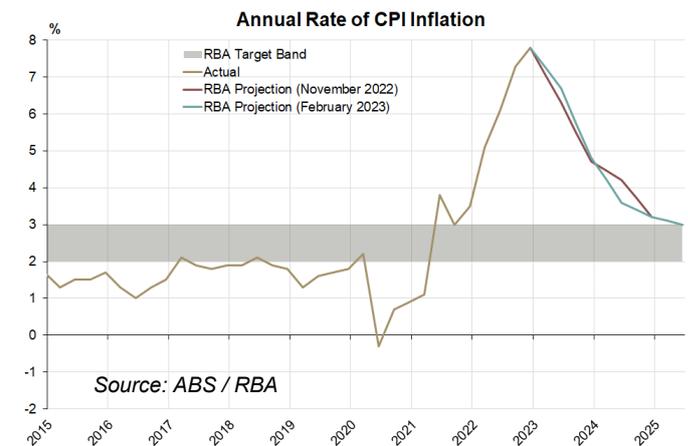
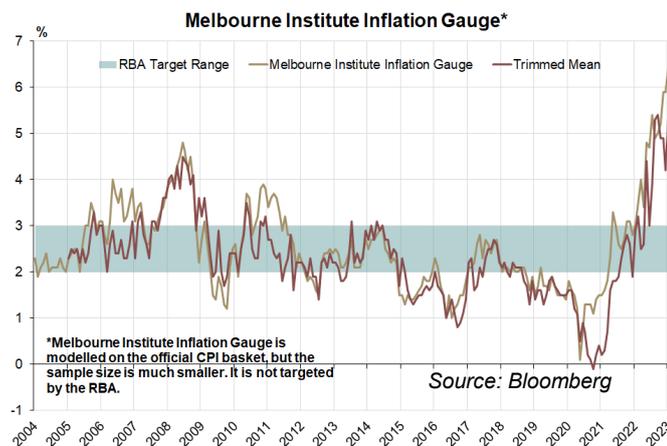
Retail sales volumes declined in Q4, with food, dining in and eating out being the only industries to see an increase.

Growth in **retail prices** slowed in Q4, but remained double the series average (since 1983).



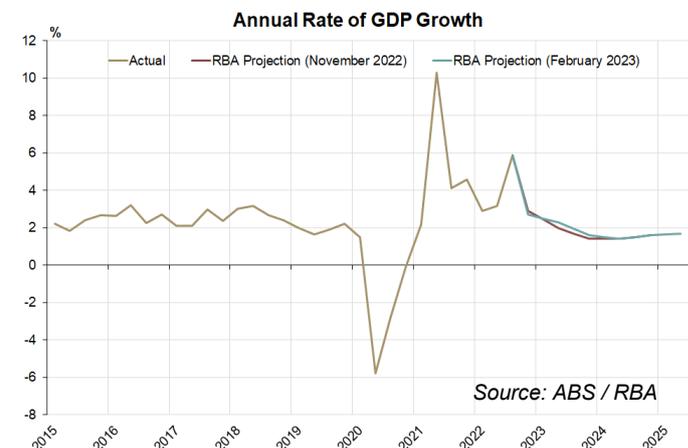
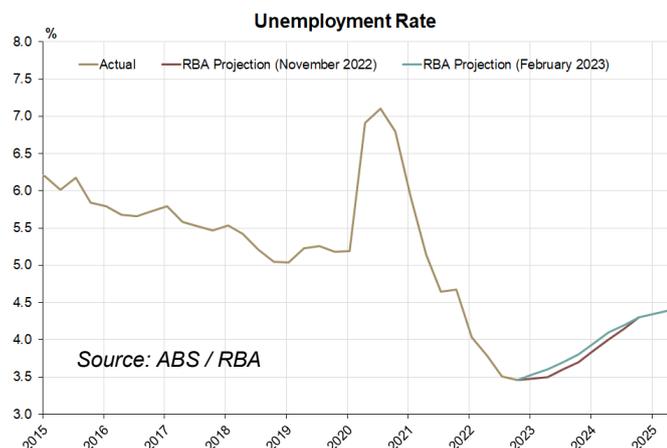
Melbourne Institute inflation gauge suggested that consumer price growth accelerated in January.

The **RBA projection**, suggests inflation is likely to be around the upper bound of the RBA target band in 2025.



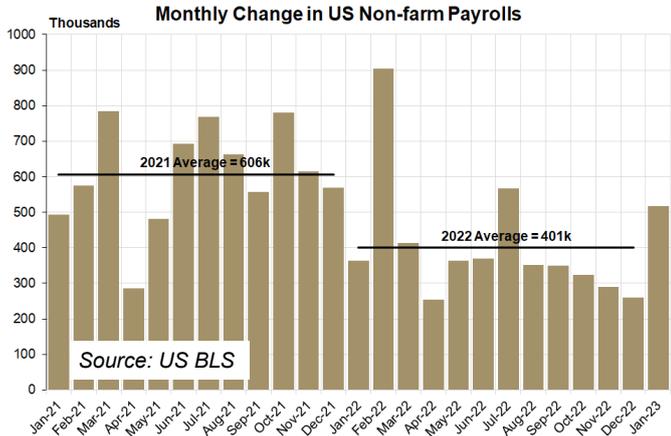
The RBA forecasts that the **unemployment rate** will pick up slightly, but remain low by historical standards...

... while **GDP growth** is expected to slow significantly this year, as the impact of RBA rate hikes sinks in.

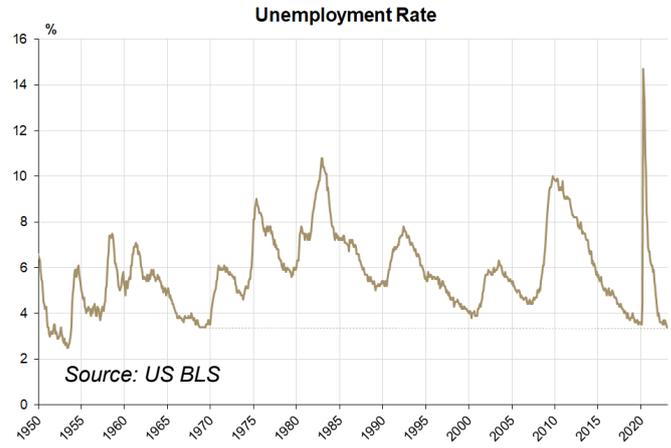


GLOBAL ECONOMY

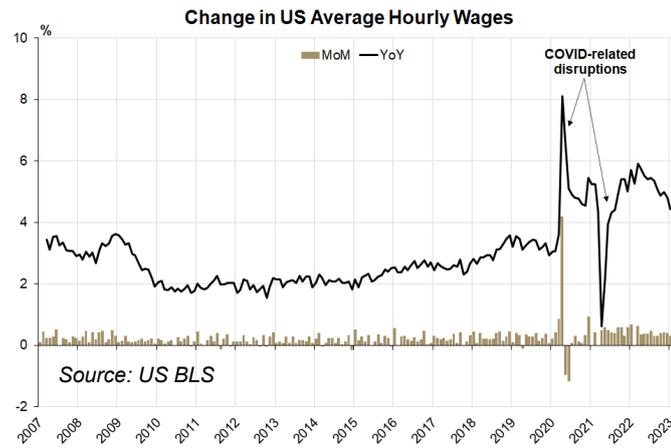
US non-farm payrolls saw a surprisingly strong increase in January.



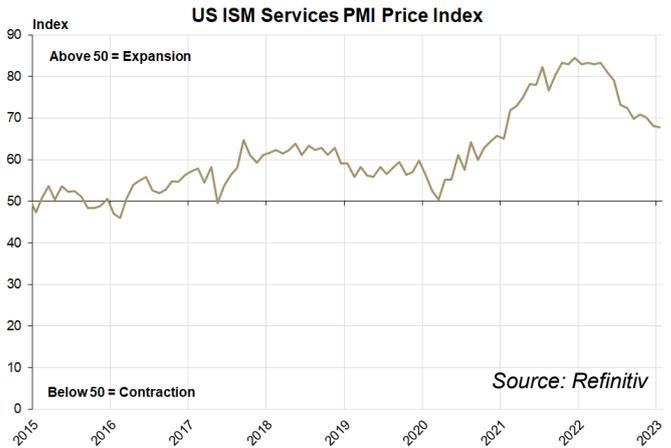
The **US unemployment rate** has fallen to the lowest level since May 1969.



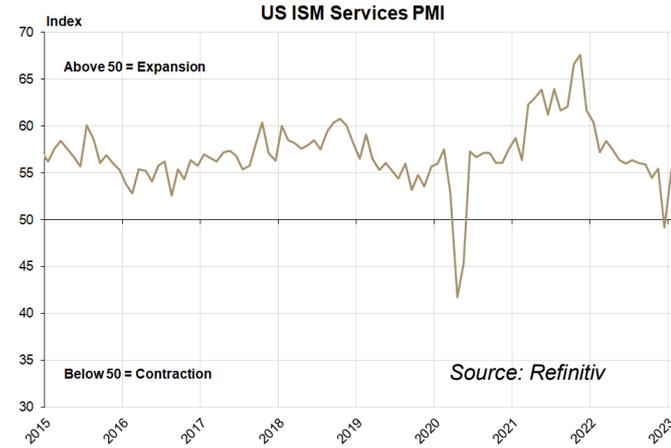
US wages growth has eased, but remains elevated by historical standards.



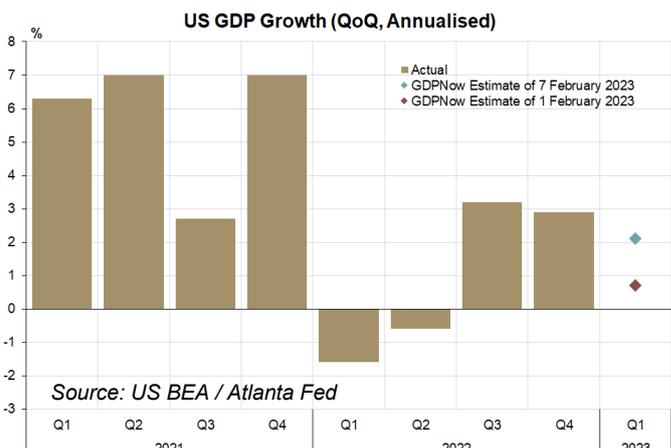
The **ISM report** pointed to persisting **cost pressures** in the US services industry.



The **ISM services PMI** sprang back into expansion in January, from the short-lived contraction due to bad weather...



... which led to the upward revision of the early Q1 GDP estimates provided by Atlanta Fed (**GDPNow**).



WESTERN AUSTRALIAN TREASURY CORPORATION

Market WATCH Weekly

10 February 2023

KEY ECONOMIC EVENTS

This Week

	Event	Actual	Forecast	Previous	Comment
Mon 06					
AU	Retail Sales Volumes (QoQ, Q4)	-0.2%	-0.5%	0.2%	Growth in retail sales prices has slowed down.
AU	Melbourne Inst. Inflation (YoY, Jan)	0.9%	-	-0.2%	Up 6.4% YoY, which is a new record high.
Tue 07					
AU	<u>Trade Balance</u> (Dec)	A\$12.2b	A\$12.5b	A\$13.5b	Slightly narrower deficit due to lower exports.
AU	RBA Decision (Cash Rate Target)	3.35%	3.35%	3.10%	Another 25bps hike expected for March.
AU	ANZ Consumer Conf. (w/e 4 Feb)	-3.2%	-	0.9%	Consumers spooked by the upside surprise to CPI.
US	Trade Balance (Dec)	-US\$67.4b	-US\$68.5b	-US\$61.0b	2022 trade deficit the highest on record.
Wed 08					
AU	SEEK Job Ads (Jan)	2.8%	-	-2.2%	First increase in eight months.
Thu 09					
US	Initial Jobless Claims (w/e 4 Feb)	196k	195k	183k	Continued claims remain low at just 1.7m.
Fri 10					
AU	Statement on Monetary Policy (Q1)	-	-	-	Inflation not to return to target range by mid-2025.
AU	Internet Vacancy Index (MoM, Jan)	2.0%	-	-0.3%	Western Australia job ads rose 1.2% in January.
AU	Business Turnover Indicators (Dec)	-	-	-	Increases in seven out of 13 published industries.
CH	CPI (YoY, Jan)	2.1%	2.1%	1.8%	Chinese demand pressure remains weak.
CH	PPI (YoY, Jan)	-0.8%	-0.5%	-0.7%	Unexpected re-acceleration in the pace of decline.
Tonight					
UK	GDP (QoQ, Q4)	-	0.0%	-0.3%	The UK appears to be sliding into recession.
US	UoM Consumer Confidence (Feb)	-	65.0	64.9	Consumer inflation expectations included in the report.

Next Week

	Event	Forecast	Previous	Comment
Mon 13	<i>No market moving data</i>			
Tue 14				
AU	NAB Business Conditions (Jan)	-	12	December saw significant pullback in conditions.
AU	NAB Business Confidence (Jan)	-	-1	Business confidence below the series average.
AU	Westpac Consumer Confidence (Feb)	-	5.0%	Maybe impacted by news on the RBA this week.
JP	GDP (QoQ, Q4)	0.5%	-0.2%	Japanese economy stagnated for most of Q4.
US	CPI (MoM, Jan)	0.5%	-0.1%	Further disinflation is expected.
Wed 15				
AU	RBA Gov. before Senate Committee	-	-	Senate Economics Legislation Committee.
UK	CPI (YoY, Jan)	10.1%	10.5%	Bank of England's inflation target is 2%.
US	Retail Sales (MoM, Jan)	1.0%	-1.1%	December decline partly due to bad weather conditions.
US	Industrial Production (MoM, Jan)	0.5%	-0.7%	Manufacturing PMIs suggest a further decline.
Thu 16				
AU	Employment (monthly change, Jan)	20.0k	-14.6k	Full-time employment hit a new record high in December.
AU	Unemployment Rate (Jan)	3.5%	3.5%	RBA expects a rise to 3.75% by the end of the year.
US	PPI (MoM, Jan)	0.4%	-0.5%	PMI reports point to an ongoing fall in cost pressures.
Fri 17				
AU	RBA Gov. before HoR Econ. Committee	-	-	Change in the recent hawkish tone is unlikely.