

Interest Rates			FX		Commodities US\$			
Australia		Δ bp	AUD/USD	0.6586	-0.1%	WTI Crude Oil	75.50	-\$1.08
90-day Bill	3.64	0	AUD/JPY	89.73	-0.5%	Brent Crude Oil	81.59	-\$1.07
3-year Bond	3.35	-6	AUD/EUR	0.6216	-0.5%	Mogas95*	103.07	\$3.09
10-year Bond	3.65	-3	AUD/GBP	0.5523	-0.7%	CRB Index	264.65	-2.37
			AUD/NZD	1.0788	0.1%	Gold	1832.23	\$17.06
			AUD/CNY	4.5858	0.1%	Silver	20.09	\$0.06
US			EUR/USD	1.0591	0.4%	Iron Ore (62% Fe)**	127.61	\$0.77
2-year Bond	4.82	-23	USD/JPY	136.29	-0.5%	Iron Ore (22-23 Average)	107.00	\$0.11
10-year Bond	3.88	-9	USD/CNY	6.9630	0.2%	Copper	8853.00	-\$57.50
			RBA Policy		Equities			
			O/N Cash Rate Target (%)	3.60		ASX200	7187	-120
			Interbank O/N Cash Rate (%)	3.57		Dow Jones	32255	-544
Other 10-year			Probability of a 25bps Hike in Apr	34.6%		S&P500	3918	-74
Japan	0.50	0	RBA Bond Holdings (28 Feb)	A\$350.5b		Stoxx600	460	-1
Germany	2.63	-2				CSI300	4020	-14
UK	3.78	2						

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

**Iron ore is the second SGX futures contract.

US stocks saw sharp declines overnight, while Treasury yields dropped, especially for shorter maturities, as the weak initial jobless claims report increased uncertainty regarding the non-farm payrolls release scheduled for tonight. The markets are now pricing in around a 50% chance of a 50bps hike at the FOMC meeting on 21-22 March, down from over 70% on Wednesday night. The Australian dollar depreciated against all the major currencies.

US initial jobless claims rose a seasonally adjusted 21k to 211k last week, surpassing the 200k mark for the first time since early January. The markets were expecting a 5k increase to 195k. The rise in jobless claims resulted from large unadjusted increases in New York and California, partly due to severe weather conditions in both states and school workers in the Empire State now being able to file for unemployment benefits during the school holidays. Continued claims rose by a seasonally adjusted 69.0k to the still low 1,718k in the week ending 25 February, with strong increases recorded in New York and California.

In China, the annual rate of CPI inflation slowed more than expected in February, from 2.1% to 1.0%, the lowest rate in a year. Core inflation declined 0.3ppts to 0.6%, the lowest rate since November, suggesting very weak demand pressure. PPI deflation deepened in February, with the annual rate dropping 0.4ppts to -1.4%, pointing to little cost pressure.

Concerns about softer labour market conditions in the US and the impact of Fed tightening, coupled with the recent disappointing data from China, were reflected in a further decline in oil prices. Iron ore futures rose by 0.6%.

In Australia, SEEK job ads declined by 1.6% in February, unwinding some of the 2.9% gain from the previous month. Job ads are now 20% off their peak from May 2022, but still high by historical standards.

In the local markets, the ASX 200 closed just 0.1% higher yesterday, as significant gains in IT and energy were offset by losses in materials and health care. However, the Aussie stock market followed the Wall Street lead and opened 1.4% lower this morning. Commonwealth bond yields declined, albeit less decisively than their US equivalents. Market pricing for the peak in the RBA cash rate for this tightening cycle has moved slightly below 4% this morning.

ECONOMIC DATA REVIEW

- **AU:** SEEK Job Ads (MoM, Feb) – Actual -1.6%, Previous 2.9%.
- **CH:** CPI (YoY, Feb) – Actual 1.0%, Expected 1.9%, Previous 2.1%.
- **CH:** PPI (YoY, Feb) – Actual -1.4%, Expected -1.2%, Previous -0.8%.
- **US:** Initial Jobless Claims (w/e 4 Mar) – Actual 211k, Expected 195k, Previous 190k.

ECONOMIC DATA PREVIEW

- **JP:** Bank of Japan Decision (Complementary Deposit Facility Rate) – Expected -0.10%, Previous -0.10%.
- **UK:** Monthly GDP (MoM, Jan) – Expected 0.1%, Previous -0.5%.
- **US:** Non-farm Payrolls (monthly change, Feb) – Expected 205k, Previous 517k.
- **US:** Unemployment Rate (Feb) – Expected 3.4%, Previous 3.4%.

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