

Interest Rates (%)			FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.6360	0.0%	WTI Crude Oil	67.31	\$0.57
90-day Bill	4.12	1	AUD/JPY	94.39	-0.7%	Brent Crude Oil	70.95	\$0.53
3-year Bond	3.78	-2	AUD/EUR	0.5828	0.1%	Mogas95*	80.71	\$0.12
10-year Bond	4.39	-2	AUD/GBP	0.4888	-0.1%	CRB Index	306.31	2.23
			AUD/NZD	1.0935	0.0%	Gold	3053.05	\$19.90
			AUD/CNY	4.5968	0.0%	Silver	33.87	-\$0.11
US			EUR/USD	1.0912	-0.2%	Iron Ore (62% Fe)**	100.00	-\$1.05
2-year	3.97	-7	USD/JPY	148.42	-0.7%	Iron Ore (24-25 Average)	102.00	-\$0.01
10-year	4.24	-5	USD/CNY	7.2294	0.1%	Copper	9987.50	\$83.00
			RBA Policy			Equities		
Other 10-year			O/N Cash Rate Target	4.10		ASX200	7893	40
Japan	1.52	0	Interbank O/N Cash Rate	4.09		Dow Jones	41965	383
Germany	2.80	-1	Probability of a 25bps Cut in Apr	10.3%		S&P500	5675	61
UK	4.63	-1	RBA Bond Holdings (28 Feb)	A\$297.6b		Stoxx600	555	1
						CSI300	4010	2

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

**Iron ore is the second SGX futures contract.

US stocks bounced back overnight, as the Fed kept interest rates unchanged but remained measured in its assessment of the impacts of Trump administration policies on the US economy, with two more 25bps cuts this year still envisaged in the updated projections. US Treasury yields dropped, particularly for shorter maturities, as Fed funds rate expectations intensified a little, with 66bps of cuts priced in for the remainder of the year compared to 59bps on Tuesday.

The Australian dollar was steady against the stronger US dollar overnight. The ASX 200 closed 0.4% lower yesterday, with healthcare being the only industry to close in the black, but followed Wall Street's lead higher this morning. Commonwealth bond yields also opened lower today.

As expected, the FOMC has kept the fed funds rate target range on hold at 4.25-4.50%, with the post-meeting statement highlighting that uncertainty around the economic outlook has increased. At the same time, Fed Chair Jerome Powell said at the press conference that the impacts on inflation from the tariff policies will likely be 'transitory' and dismissed concerns about the rise in longer-run consumer inflation expectations in the University of Michigan survey.

The updated FOMC projections showed somewhat slower GDP growth in 2025 and in the outyears and slightly higher inflation this year, with little to no changes in the outyears. Inflation is still expected to come back to the FOMC goal of 2% in 2027. The median fed funds rate forecasts were kept unchanged, but the number of participants expecting just one 25bps cut or no cuts at all this year has increased.

The FOMC has also decided to slow down the pace of its balance sheet rundown, but Fed Chair Jerome Powell stressed at the press conference that this decision is not meant to affect the monetary policy stance in any way.

Across the Pacific, the Bank of Japan has kept its policy rate at 0.50% yesterday, which was in line with market expectations, but expressed concern that the recent change in behaviour towards more frequent increases in wages and prices might prove inflationary in the environment of tariff hikes and volatile exchange rate. However, the next 25bps rate hike is still not fully priced in before October and 90% priced in for September.

Closer to home, New Zealand GDP rose by 0.7% in Q4, somewhat more than the 0.4% expected by the markets, following two quarters of declines. The annual rate of GDP growth remained negative at -1.1%.

At home, the Westpac leading index rose by 0.07% in February, following a 0.10% increase in the previous month (revised down from 0.12%). The six-month annualised growth rate, which indicates the likely pace of economic activity growth three to nine months into the future, picked up 0.2ppts to 0.8% in February. However, Westpac cautioned in its note that the gains are fragile, being driven by commodity prices and the AUD's depreciation.

Economic Data Review

- **AU:** Westpac Leading Index (MoM, Feb) – Actual 0.07%, Previous 0.10% (revised).
- **NZ:** GDP (QoQ, Q4) – Actual 0.7%, Expected 0.4%, Previous -1.1%.

Economic Data Preview

- **AU:** Employment (monthly change, Feb) – Expected 30.0k, Previous 44.0k.
- **AU:** Unemployment Rate (Feb) – Expected 4.1%, Previous 4.1%.
- **UK:** Bank of England Decision (Bank Rate) – Expected 4.50%, Previous 4.50%.
- **US:** Initial Jobless Claims (w/e 15 Mar) – Expected 224k, Previous 220k.