

Interest Rates (%)			FX			Commodities US\$			
Australia		Δ bp	AUD/USD	0.6363	-0.3%	WTI Crude Oil	66.74	-\$0.75	
	90-day Bill	4.12	0	AUD/JPY	95.10	-0.2%	Brent Crude Oil	70.42	-\$0.60
	3-year Bond	3.80	2	AUD/EUR	0.5820	-0.4%	Mogas95*	80.59	-\$0.93
	10-year Bond	4.42	2	AUD/GBP	0.4895	-0.4%	CRB Index	304.08	-0.57
			AUD/NZD	1.0937	-0.2%	Gold	3033.15	\$29.98	
			AUD/CNY	4.5959	-0.5%	Silver	33.97	\$0.08	
US			EUR/USD	1.0934	0.1%	Iron Ore (62% Fe)**	101.05	-\$0.40	
	2-year	4.04	0	USD/JPY	149.46	0.1%	Iron Ore (24-25 Average)	102.01	\$0.00
	10-year	4.30	0	USD/CNY	7.2256	0.0%	Copper	9904.50	\$43.00
			RBA Policy			Equities			
Other 10-year			O/N Cash Rate Target		4.10	ASX200	7853	-51	
			Interbank O/N Cash Rate		4.09	Dow Jones	41581	-260	
	Japan	1.52	2	Probability of a 25bps Cut in Apr		8.3%	S&P500	5615	-60
	Germany	2.81	-1	RBA Bond Holdings (28 Feb)		A\$297.6b	Stoxx600	554	3
	UK	4.64	0				CSI300	4008	11

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

**Iron ore is the second SGX futures contract.

US stocks resumed declining on Tuesday, as investors have turned anxious ahead of the FOMC decision due tonight (tomorrow morning AWST). No changes are expected, but the updated Fed funds rate projections and guidance will be closely watched by the markets. US Treasury yields were little changed, while the US dollar depreciated further, reaching a new 2025 low.

The losses on Wall Street followed gains in Europe and most of the Asia-Pacific region. The Indonesian market was a notable exception, where concerns over government policies and growth triggered a 7.1% intraday sell-off, the largest since 2011. A late rally, following a mid-afternoon trading suspension, saw those losses trimmed to 3.8%.

The ASX 200 ticked up 0.1% yesterday, with gains in most sectors offset by losses in consumer discretionary and financials, before opening lower this morning. The Australian dollar slipped lower, as sentiment turned sour during the US trading session, but the AUD/USD remains comfortably above the US\$0.63 mark. Commonwealth bond yields have picked up a bit across the yield curve since yesterday.

The gold price rose to a fresh record high, as Israeli forces resumed large-scale attacks on Gaza. Russian President Vladimir Putin has apparently agreed to halt attacks on Ukrainian energy infrastructure in his phone call with his US counterpart Donald Trump. This is short of the 30-day ceasefire proposed by the US and agreed by Ukraine during the talks in Saudi Arabia a week ago.

From other commodity news, oil prices declined a little, with Brent futures approaching US\$70 a barrel, while iron ore futures ebbed by 0.3%.

Data-wise, US industrial production rose by 0.7% in February, exceeding the market consensus of 0.2%. However, this followed a decline from a downwardly revised gain of 0.3% in the previous month (originally: 0.5%). Manufacturing output rose by 0.9% (mkt exp.: +0.3%), mining surged by 2.8%, while the volatile utilities saw a 2.5% decline.

At home, RBA Assistant Governor Sarah Hunter spoke at a banking summit yesterday, focusing on forecast-based decision making in times of heightened uncertainty. She showed RBA's assessment of lags in the monetary policy transmission mechanism, which are up to 12 months for its peak effect on almost twice as long for its maximum effect on inflation.

Assistant Governor Hunter reiterated that the February decision to reduce the cash rate by 25bps to 4.10% was meant to take some of the monetary policy restrictiveness away, and that the RBA remains 'more cautious than the market about prospects for further easing'.

Economic Data Review

- **US:** Industrial Production (MoM, Feb) – Actual 0.7%, Expected 0.2%, Previous 0.3% (revised).

Economic Data Preview

- **AU:** Westpac Leading Index (MoM, Feb) – Previous 0.12%.
- **JP:** Bank of Japan Decision (Policy Rate) – Expected 0.50%, Previous 0.50%.
- **US:** FOMC Decision (IoER) – Expected 5.40%, Previous 5.40%.