

Interest Rates (%)			FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.6596	1.1%	WTI Crude Oil	81.64	-\$1.48
90-day Bill	4.35	0	AUD/JPY	99.41	0.8%	Brent Crude Oil	85.95	-\$1.43
3-year Bond	3.63	-4	AUD/EUR	0.6031	0.4%	Mogas95*	104.16	-\$0.54
10-year Bond	4.02	-5	AUD/GBP	0.5155	0.5%	CRB Index	285.52	-1.34
			AUD/NZD	1.0836	0.4%	Gold	2201.69	\$44.60
			AUD/CNY	4.7337	0.7%	Silver	25.66	\$0.78
US			EUR/USD	1.0936	0.7%	Iron Ore (62% Fe)**	106.30	\$0.55
2-year	4.59	-10	USD/JPY	150.71	-0.3%	Iron Ore (23-24 Average)	120.48	-\$0.08
10-year	4.27	-3	USD/CNY	7.1979	0.0%	Copper	8928.00	-\$48.50
			RBA Policy			Equities		
			O/N Cash Rate Target		4.35	ASX200	7756	40
			Interbank O/N Cash Rate		4.32	Dow Jones	39512	401
Other 10-year			Probability of a 25bps Cut in May		30.0%	S&P500	5225	46
Japan	0.74	0	RBA Bond Holdings (29 Feb)		A\$335.5b	Stoxx600	505	0
Germany	2.43	-2				CSI300	3585	8
UK	4.02	-4						

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

**Iron ore is the second SGX futures contract.

The S&P 500 and Dow Jones climbed to fresh record highs, as the Fed continued to signal three 25bps rate cuts this year and suggested slowing the pace of its balance sheet reduction. US Treasury yields declined, particularly at the front end of the yield curve, while the US dollar depreciated.

The boost to global market sentiment was reflected in appreciation of the Australian dollar, while Commonwealth bond yields declined across the yield curve. The ASX 200 closed 0.1% lower yesterday, with slight increases only in energy, communication services and consumer discretionary, but opened higher this morning.

As expected, the FOMC left interest rates unchanged this morning (AWST) and issued an almost unchanged post-meeting statement. The median fed funds rate projection for 2024 was unchanged from December, implying three 25bps cuts. However, half of the participants saw the need for either no cuts or just one or two, and only one participant was expecting four cuts (compared to five seeing four or more cuts in December). Median projections for 2025 and 2026, as well as the longer run estimate, were all revised slightly upwards.

During the press conference, Fed Chair Jerome Powell said that the FOMC was discussing slowing the pace of quantitative tightening 'fairly soon' but declined to comment on any specific timing during the Q&A session.

In commodity markets, the gold price surged 2.3% following the FOMC decision, to reach a new record high. Oil prices retreated from nearly five-month highs, possibly on profit taking following recent increases. This came despite the news that US crude inventories declined last week. Iron ore futures prices rose by 0.6%.

Data-wise, the UK CPI rose 0.6% in February, slightly less than the 0.7% consensus, but the annual rate of inflation dropped to 3.4%, the lowest since September 2021.

From local data, the Judo Bank composite PMI rose 0.3pts to 52.4 in March (above 50 = expansion), supported by slightly faster growth in services (+0.4pts to 53.5), while the contraction in manufacturing deepened (-1.0pt to 46.8). The report details suggested the lowest input cost inflation since August 2021 and the slowest employment growth since July 2023.

ECONOMIC DATA REVIEW

- **AU:** Judo Bank Composite PMI (Mar, flash) – Actual 52.4, Previous 52.1.
- **UK:** CPI (MoM, Feb) – Actual 0.6%, Expected 0.7%, Previous -0.6%.

ECONOMIC DATA PREVIEW

- **AU:** Employment (monthly change, Feb) – Expected 40.0k, Previous 0.5k.
- **AU:** Unemployment Rate (Feb) – Expected 4.0%, Previous 4.1%.
- **JP:** Jibun Bank Composite PMI (Mar, flash) – Previous 50.6.
- **EZ:** HCOB Composite PMI (Mar, flash) – Expected 49.7, Previous 49.2.
- **UK:** S&P Global Composite PMI (Mar, flash) – Expected 53.1, Previous 53.0.
- **UK:** Bank of England Decision (Bank Rate) – Expected 5.25%, Previous 5.25%.
- **US:** S&P Global Composite PMI (Mar, flash) – Expected 52.2, Previous 52.5.

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