

Interest Rates (%)			FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.6427	1.1%	WTI Crude Oil	91.71	-\$2.53
90-day Bill	4.14	-1	AUD/JPY	95.98	1.1%	Brent Crude Oil	95.17	-\$1.87
3-year Bond	4.10	1	AUD/EUR	0.6086	0.7%	Mogas95*	97.36	-\$4.76
10-year Bond	4.49	4	AUD/GBP	0.5267	0.6%	CRB Index	287.06	-0.40
			AUD/NZD	1.0769	0.4%	Gold	1867.03	-\$9.99
			AUD/CNY	4.6890	0.9%	Silver	22.65	\$0.11
US			EUR/USD	1.0562	0.5%	Iron Ore (62% Fe)**	119.10	\$3.10
2-year	5.07	-5	USD/JPY	149.35	-0.1%	Iron Ore (23-24 Average)	111.47	\$0.16
10-year	4.58	-2	USD/CNY	7.2980	-0.2%	Copper	8217.50	\$103.50
			RBA Policy			Equities		
			O/N Cash Rate Target	4.10		ASX200	7051	27
			Interbank O/N Cash Rate	4.07		Dow Jones	33666	116
Other 10-year			Probability of a 25bps Hike in Oct	8.9%		S&P500	4300	25
Japan	0.76	2	RBA Bond Holdings (31 Aug)	A\$337.0b		Stoxx600	449	2
Germany	2.93	9				CSI300	3690	-11
UK	4.48	13						

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

**Iron ore is the second SGX futures contract.

The sell-off in the US Treasuries came to a halt on Thursday night, allowing for slight gains in the US stock market. This followed further increases in bond yields in Europe, particularly in the UK. Oil prices retreated, with Brent futures falling by almost 2%%. The sudden turnaround in US bond and equity markets, as well as in the oil market, could be due to the looming end of the month and quarter.

Speaking this morning, Fed Chair Jerome Powell acknowledged that the FOMC's ability to impact economic developments depended on people understanding its message, but did not comment on the rate outlook.

From other Fed speak, Chicago Fed President Austan Goolsbee expressed an opinion that steep job losses were not necessary to reduce inflation. Richmond Fed President Thomas Barkin said that it was too early to judge if another fed funds rate hike was needed, but labour market developments were key in assessing the rate outlook.

Meanwhile, US initial jobless claims were broadly unchanged at 204k last week. US pending home sales dropped more than envisaged by the market consensus in August (-7.1% against -1.0%), while the Kansas City Fed index pointed to the larger-than-expected contraction in manufacturing activity in this Fed district.

In Australia, [retail sales](#) rose by 0.2% in August, somewhat less than the 0.3% consensus, while the annual trend growth slowed to 1.3%, which is the lowest on record. The disappointing result came despite support from temporary factors, such as the 2023 FIFA World Cup, additional promotional activity and unusually warm weather over east.

A separate set of data showed the disappointing rise in retail sales was followed by the first fall in household deposits since the global financial crisis. This could suggest that households are tapping into savings to fund their spending.

From other data, job vacancies dropped by 8.9% in the three months to August, while the numbers for the three months to May were revised downwards, to -2.5% from -2.0%.

Western Australian Treasury has released the [Annual Report on State Finances 2022-23](#) showing a A\$5.1b general government surplus for 2022-23 (against A\$4.2b estimated in the 2023-24 Budget). Public sector net debt declined for the fourth consecutive year, to be A\$27.4b as at 30 June 2023 (A\$0.5b less than estimated in the Budget).

In the local markets, Commonwealth bond yields continued to climb yesterday, while the ASX 200 closed near flat. The better global market sentiment and a strong increase in iron ore prices helped the AUD higher.

ECONOMIC DATA REVIEW

- **AU:** Retail Trade (MoM, Aug) – Actual 0.2%, Expected 0.3%, Previous 0.5%.
- **AU:** Job Vacancies (QoQ, Q3) – Actual -8.9%, Previous -2.5% (revised).
- **US:** Initial Jobless Claims (w/e 23 Sep) – Actual 204k, Expected 215k, Previous 202k (revised).

ECONOMIC DATA PREVIEW

- **AU:** Private Sector Credit (MoM, Aug) – Expected 0.3%, Previous 0.3%.
- **US:** Personal Spending (MoM, Aug) – Expected 0.5%, Previous 0.8%.
- **US:** PCE Price Index (MoM, Aug) – Expected 0.5%, Previous 0.2%.

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