

## Economic Analysis

Daily Report 13 March 2024

Interest Rates (%)			FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.6607	-0.2%	WTI Crude Oil	77.94	-\$0.15
90-day Bill	4.35	0	AUD/JPY	97.41	0.3%	Brent Crude Oil	82.28	-\$0.16
3-year Bond	3.63	4	AUD/EUR	0.6046	-0.1%	Mogas95*	99.36	\$0.27
10-year Bond	4.00	4	AUD/GBP	0.5164	0.0%	CRB Index	278.32	0.33
			AUD/NZD	1.0746	0.2%	Gold	2159.63	-\$22.97
			AUD/CNY	4.7430	-0.1%	Silver	24.18	-\$0.30
US			EUR/USD	1.0928	0.0%	Iron Ore (62% Fe)**	107.15	-\$0.15
2-year	4.58	5	USD/JPY	147.43	0.4%	Iron Ore (23-24 Average)	121.03	-\$0.06
10-year	4.14	5	USD/CNY	7.1826	0.0%	Copper	8657.00	\$4.00
			RBA Policy			Equities		
			O/N Cash Rate Target		4.35	ASX200	7733	14
			Interbank O/N Cash Rate		4.32	Dow Jones	39005	236
Other 10-year			Probability of a 25bps Cut in Mar		2.3%	S&P500	5175	57
Japan	0.77	-1	RBA Bond Holdings (29 Feb)		A\$335.5b	Stoxx600	507	5
Germany	2.33	3				CSI300	3597	8
UK	3.95	-3						

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

\*\*Iron ore is the second SGX futures contract.

Global stocks were on the rise during the yesterday's session, with the gauge of global stock performance, the MSCI World Index, reaching a new record high. The gains were led by the US market, where the S&P 500 also reached an all-time high. US Treasury yields picked up across the yield curve, amid a slight upside surprise to the US CPI figures and a slightly disappointing 10-year note auction. The gold price continued to retreat from record highs.

The Australian dollar fell against the greenback but was mixed against the other major currencies. Commonwealth bond yields picked up. The ASX 200 closed slightly higher yesterday and is up a little again this morning.

US CPI rose 0.4% in February, as expected, but the annual headline inflation rate unexpectedly climbed 0.1ppts to 3.2%. The core CPI rose a higher-than-expected 0.4ppts in the month (mkt exp 0.3%), with the annual rate declining 0.1ppts to 3.8% (mkt exp 3.7%). Shelter and gasoline contributed over 60% of the headline increase. However, the annual rate of inflation for services excluding shelter, closely tracked by the Fed, was unchanged at 4.3%.

From other US data, the NFIB small business optimism index declined 0.5 points to 89.4 in February, which is the lowest level since May 2023.

The UK unemployment rate rose 0.1ppts to 3.9%, while employment fell 21k over the three months to January.

From local data, the NAB business conditions index rose 3 points to 10 points in February, from the upwardly revised level for January (7 points compared to 6 points reported initially). The increase was driven by improvements in trading conditions and profitability. Western Australia saw the largest gain of all the states and continued to record the strongest conditions of all states in trade terms.

The NAB business confidence index declined 1 point to 0, dragged down by deterioration in the retail, construction, recreation and personal services industries. Growth in labour and purchase costs was steady, albeit still elevated, at 2.0% and 1.8%, respectively. Final products price growth accelerated 0.2ppts to 1.3%, including a 1.4% rise in retail prices, from 0.9% in January (all quarterly rates).

The Commonwealth Bank household spending indicator declined by 0.3% in February, following a 3.2% increase in the previous month. Seven out of 12 spending categories saw a decline, led by household goods and transport.

### ECONOMIC DATA REVIEW

- **AU:** NAB Business Conditions (Feb) – Actual 10, Previous 7 (revised).
- **AU:** NAB Business Confidence (Feb) – Actual 0, Previous 1.
- **AU:** CBA Household Spending Indicator (MoM, Feb) – Actual -0.3%, Previous 3.2% (revised).
- **UK:** Unemployment Rate (Jan) – Actual 3.9%, Previous 3.8%.
- **US:** CPI (MoM, Feb) – Actual 0.4%, Expected 0.4%, Previous 0.3%.
- **US:** NFIB Small Business Survey (Feb) – Actual 89.4, Expected 90.5, Previous 89.9.

### ECONOMIC DATA PREVIEW

- **UK:** Monthly GDP (MoM, Jan) – Expected -0.1%, Previous -0.3%.

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