

Interest Rates (%)			FX			Commodities US\$		
Australia			AUD/USD	0.6426	0.0%	WTI Crude Oil	88.90	\$1.60
90-day Bill	4.12	-1	AUD/JPY	94.62	0.5%	Brent Crude Oil	92.10	\$1.51
3-year Bond	3.86	2	AUD/EUR	0.5971	-0.1%	Mogas95*	101.78	-\$0.60
10-year Bond	4.17	0	AUD/GBP	0.5142	0.1%	CRB Index	287.36	1.03
			AUD/NZD	1.0872	0.0%	Gold	1912.95	-\$8.75
			AUD/CNY	4.6846	0.0%	Silver	23.07	\$0.00
US			EUR/USD	1.0761	0.2%	Iron Ore (62% Fe)**	118.35	\$0.75
2-year	5.03	4	USD/JPY	147.24	0.4%	Iron Ore (23-24 Average)	109.67	\$0.18
10-year	4.29	0	USD/CNY	7.2923	0.0%	Copper	8391.00	-\$11.00
			RBA Policy			Equities		
			O/N Cash Rate Target	4.10		ASX200	7166	-5
			Interbank O/N Cash Rate	4.07		Dow Jones	34646	-18
			Probability of a 25bps Hike in Oct	4.4%		S&P500	4462	-26
			RBA Bond Holdings (31 Aug)	A\$337.0b		Stoxx600	455	-1
						CSI300	3761	-7
Other 10-year								
Japan	0.71	-1						
Germany	2.64	0						
UK	4.42	-6						

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

**Iron ore is the second SGX futures contract.

US equities slipped and US two-year Treasury yields rose ahead of tonight's eagerly anticipated US CPI report. The Aussie dollar is up against the major currencies except for the euro, which jumped late in the session on reports the ECB may lift its inflation outlook, pushing up expectations for a euro area rate hike on Thursday. Oil prices climbed again as OPEC forecast a three million barrel a day oil supply deficit in the next three months.

The headline US CPI is expected to show a 0.6% increase in August, due to the sharp rise in fuel prices. However, core CPI inflation (ex. food and energy) is forecast to see a more subdued 0.2% monthly rise. Something higher could see a lift in pricing for a Fed rate hike next week.

The Aussie equity market posted its second gain in a row yesterday, however, it is weaker in early trade this morning, and three-year Commonwealth bond yields have opened the day higher.

The UK unemployment rate rose 0.1ppts to 4.3% and employment slumped 207k in the three months to July, however, annual wages growth (ex. bonuses) remained high at 7.8% YoY.

The NAB business survey showed Aussie business sentiment improved in August. The conditions index rose 2pts to 13 to be well above the long-run average of 6.5, with the trading, profitability and employment subindices all rising. Conditions were strong across most states, including Western Australia. The inflation indicators were mixed but remained elevated. Labour cost growth eased following a sharp increase in July, while selling price inflation also slowed. Input cost growth picked up a little. The NAB business confidence index edged up 1pt to 2 index points. While this remains below the long-term average of 5pts, it was the third monthly increase in a row since the index fell to -3pts in May.

Aussie consumers remain depressed. The Westpac consumer sentiment index declined 1.5% to a three-month low of 79.7 in September to remain well and truly at recessionary levels. The fall came despite a sharp decrease in the percentage of respondents expecting further rate hikes. Consumers remain concerned over the outlook for the economy and family finances. On the housing market, consumers on balance think it's a bad time to buy a dwelling, while expecting house prices to keep rising. The unemployment expectations index lifted to just above its long-term average, suggesting that while labour market conditions have softened consumers are not overly concerned yet.

ECONOMIC DATA REVIEW

- **AU:** Westpac Consumer Sentiment (Sep) – Actual -1.5%, Previous -0.4%.
- **AU:** NAB Business Conditions (Aug) – Actual 13, Previous 11 (revised).
- **AU:** NAB Business Sentiment (Aug) – Actual 2, Previous 1 (revised).
- **UK:** Unemployment Rate (Jul) – Actual 4.3%, Expected 4.3%, Previous 4.2% (revised).
- **US:** NFIB Small Business Optimism (Aug) – Actual 91.3, Expected 91.5, Previous 91.9.

ECONOMIC DATA PREVIEW

- **US:** CPI (MoM, Aug) – Expected 0.6%, Previous 0.2%.

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