

## Economic Analysis

## AUD Monthly March 2021

The Australian dollar strengthened against most of the other G10 trading currencies over the course of March, though it was weaker against the greenback, the British pound, and fellow commodity currencies the Norwegian krone and Canadian dollar. The USD itself as measured by the broad US dollar index, which tracks the dollar against ten major currencies, hit its highest level since November last year.

Central Fair Value	Present Rate	Fair Value Band
0.7925	0.7598	0.7525 – 0.8325

- The AUD traded between USD0.7580 and USD0.7820 on a close of day basis in March, and averaged USD0.7706 before closing at USD0.7598. With the RBA recommitting to its 3-year yield target the AUD/USD 2-year treasury bond spread widened in March. The spread opened the month at -0.7 basis points and averaged -5 before closing the month at -8 points.
- Our simple Aussie dollar model suggests the AUD / USD exchange rate should be trading a little higher given the level of commodity prices and the positive sentiment on financial markets.
- The RBA maintained its cash rate target at 0.10% and the rate it pays banks on exchange settlement balances at zero. The RBA purchased A\$25 billion of Commonwealth and state government bonds under its quantitative easing program in March, including A\$756 million in WATC bonds.
- Elsewhere, central bank policy interest rates remain at record lows with the ECB maintaining a negative deposit rate. The major global central banks continue to purchase bonds and other assets in support of the economy and financial markets.

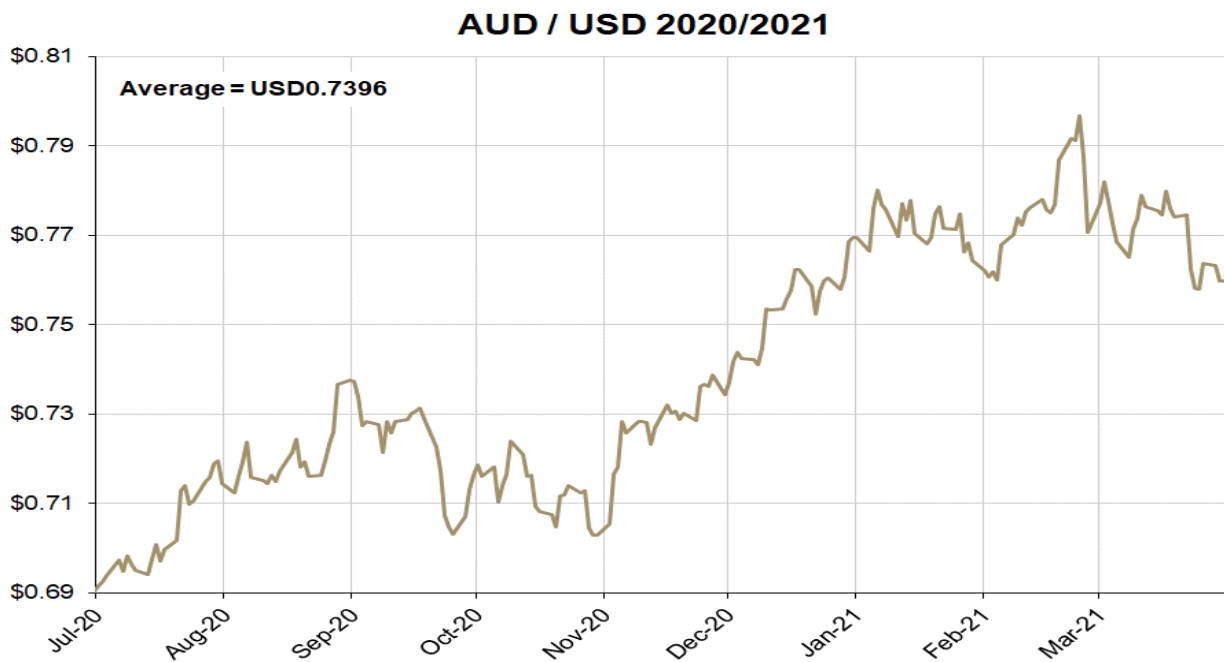
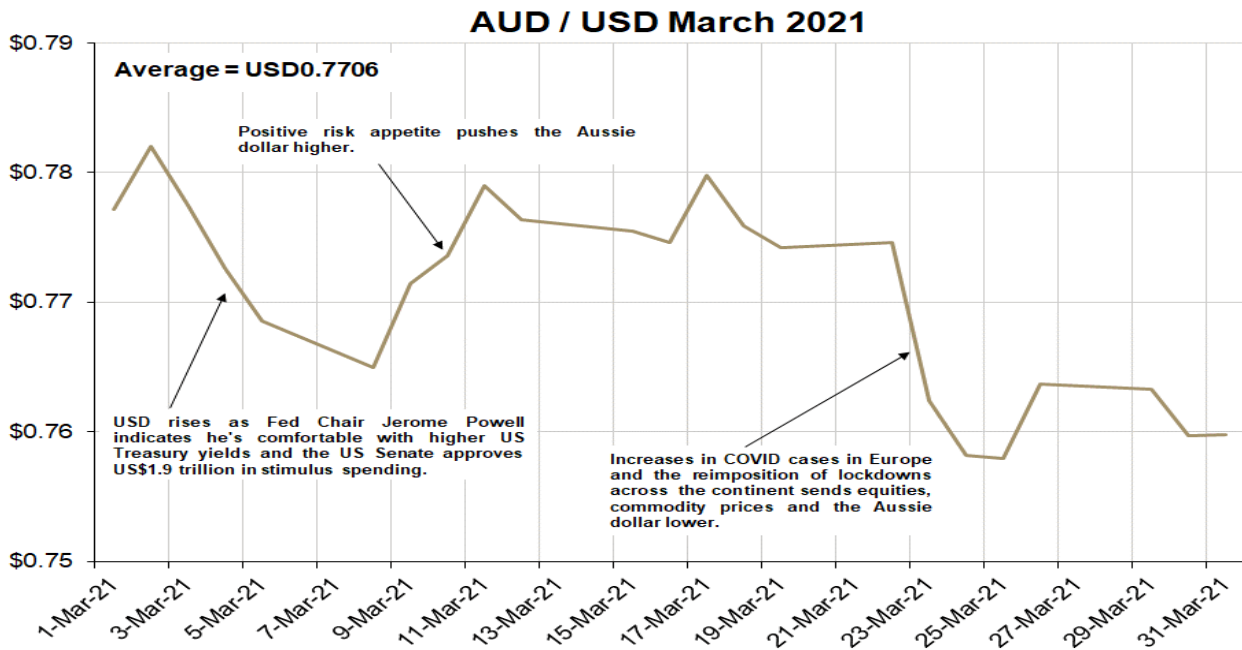
	Current	Monthly High	Monthly Low	Monthly	52wk High	52wk Low
AUD/USD 	0.7598	0.7820	0.7580	-1.4%	0.7968	0.5997
AUD/EUR 	0.6477	0.6512	0.6418	1.5%	0.6548	0.5538
AUD/GBP 	0.5512	0.5604	0.5512	-0.4%	0.5734	0.4887
AUD/JPY 	84.10	84.86	82.44	2.4%	84.86	65.06
AUD/CNY 	4.9865	5.0700	4.5255	-0.6%	5.1428	4.2618

- The AUD averaged USD0.7706, in March after averaging USD0.7755 in February, USD0.7723 in January and USD0.7538 in December. The AUD has averaged USD0.7396 in the first nine months of 2020/21 after averaging USD0.6714 in 2019/20.
- The RBA Commodity Price Index, which is designed as an indicator of the prices received by Australian commodity exporters, rose for the eighth month in a row in March, reaching its highest level since November 2008. Export prices for bulk non-rural commodities (iron ore, coal and LNG) rose 2.2% in Aussie dollar terms to be up 25% for the year. Iron ore and oil futures prices fell back after rising sharply in February.

Commodity AUD	31-Mar-21	MoM (%)	YoY (%)
CRB Index	242.8	-1.5%	21.7%
RBA Commodity Price Index	113.3	1.3%	7.8%
Brent Crude	\$81.93	-1.8%	132.9%
Singapore Gasoil 10 ppm	\$88.68	-4.8%	38.5%
Gold	\$2,241.98	-0.2%	-13.3%
Singapore Iron Ore Futures (62% Fe)	\$211.43	-5.8%	57.8%
Nickel	\$21,094.92	-12.3%	12.1%
Copper	\$11,534.07	-1.9%	42.2%
Aluminium	\$2,904.03	4.1%	16.1%

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