

The Australian dollar slipped against the USD over the course of September. The major drivers behind the drop in the exchange rate were a sharp rise in financial market volatility, falling iron ore prices and a strengthening USD.

Of the remainder of the G10 currency basket, the Aussie slipped against the Norwegian krone and Canadian dollar, which were both lifted by the rise in oil prices, and the safe-haven Japanese yen. The big dollar itself was the king of the G10 basket over the course of September, with the USD Index climbing to its highest level in a year.

Central Model Value	Present Rate	Expected Value Band
0.7500	0.7227	0.7250 – 0.7750

- The AUD traded between USD0.7176 and USD0.7460 on a close of day basis in September and averaged USD0.7319 before closing the month at USD0.7227. The AUD/USD 2-year treasury bond spread was relatively steady in September, with Aussie the 2Y Commonwealth bond yield continuing to trade below the 2Y US treasury yield. After opening the month at -20 basis points the spread widened to a high of 27pts before edging back to close September at -23pts. The spread averaged -22pts during the month.
- The RBA cash rate target remains at 0.10% and the Bank continues to pay zero interest on the A\$388 billion of exchange settlement balances that have accumulated at the central bank. The RBA also continues to target a 0.10% yield for the April 2024 Commonwealth bond. The RBA purchased \$19.4 billion of Commonwealth and semi-government bonds in September, including A\$358 million in WATC bonds. As of the end of September, the RBA had purchased A\$215.4 billion of bonds under its QE programs. The current bond purchase program has seen purchases scaled back to A\$4 billion a week, down from A\$5 billion a week in the first two QE programs, with purchases at the same 80/20 ratio between Commonwealth and semi-government bonds. The current program will be reviewed in mid-February 2022.
- 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. The US Federal Reserve is widely expected to announce a tapering of its QE program at the next FOMC meeting in early November.

	Current	Monthly High	Monthly Low	Monthly	52wk High	52wk Low
AUD/USD 	0.7227	0.7460	0.7176	-1.2%	0.7968	0.7028
AUD/EUR 	0.6241	0.6273	0.6167	0.7%	0.6548	0.6216
AUD/GBP 	0.5364	0.5382	0.5286	0.8%	0.5734	0.5240
AUD/JPY 	80.42	81.74	78.99	-0.1%	85.21	73.49
AUD/CNY 	4.6704	4.8056	4.6539	-1.1%	5.1428	4.6369

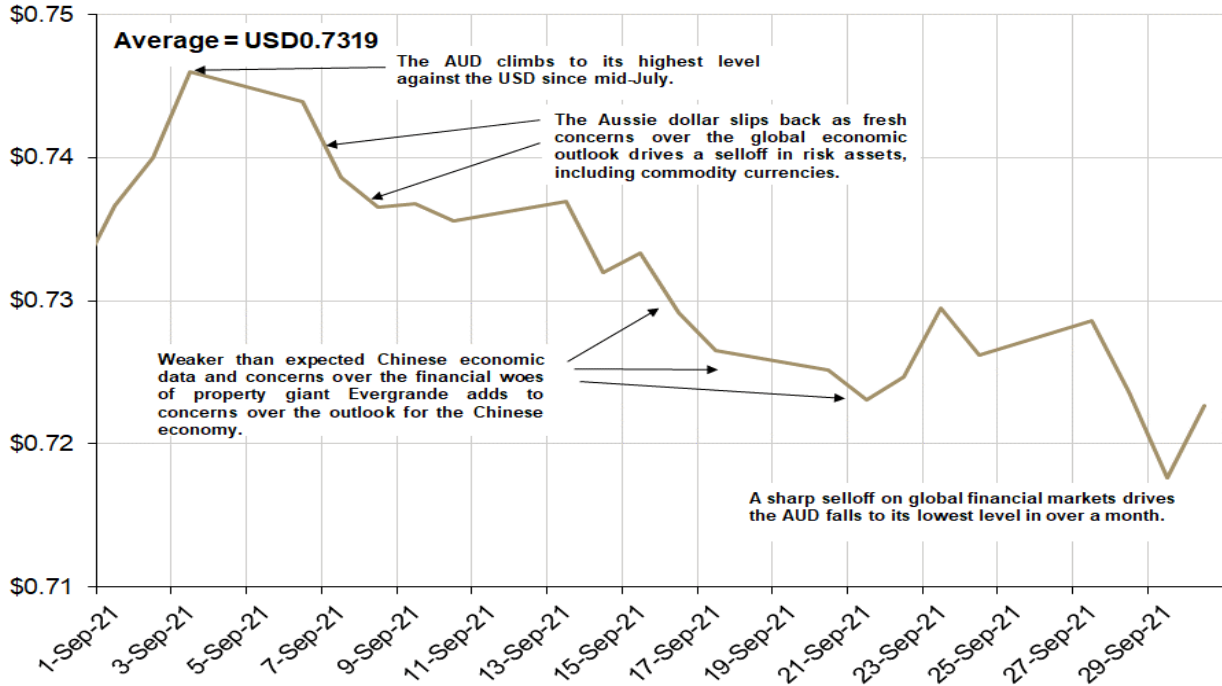
- The AUD averaged USD 0.7319 in September, after averaging USD 0.7303 in August and USD 0.7423 in July. The AUD has averaged USD 0.7347 first three months of 2021/22 after averaging USD0.7471 in 2020/21.
- Iron ore prices saw further sharp falls in September as Chinese government efforts to reduce pollution continue to weigh on steel output. The problem was exacerbated by rising concerns over the outlook for the Chinese real estate sector in light of the financial problems of property giant Evergrande. Iron ore prices fell to the lowest level since May 2020, before bouncing somewhat toward the end of the month. Concerns of supply shortages, particularly in Europe and China drove a sharp rise the prices of energy commodities late in the month, with the price of Brent crude hitting a three-year high.

Commodity AUD	30-Sep-21	MoM (%)	YoY (%)
CRB Index	317.4	6.4%	53.3%
RBA Commodity Price Index	127.1	-7.2%	36.7%
Brent Crude	\$109.20	12.1%	91.2%
Singapore Gasoil 10 ppm	\$123.17	12.7%	102.2%
Gold	\$2,435.81	-1.8%	-7.4%
Singapore Iron Ore Futures (62% Fe)	\$163.14	-21.6%	-3.5%
Nickel	\$24,866.21	-7.0%	22.8%
Copper	\$12,389.44	-4.9%	33.2%
Aluminium	\$3,962.98	6.6%	61.0%

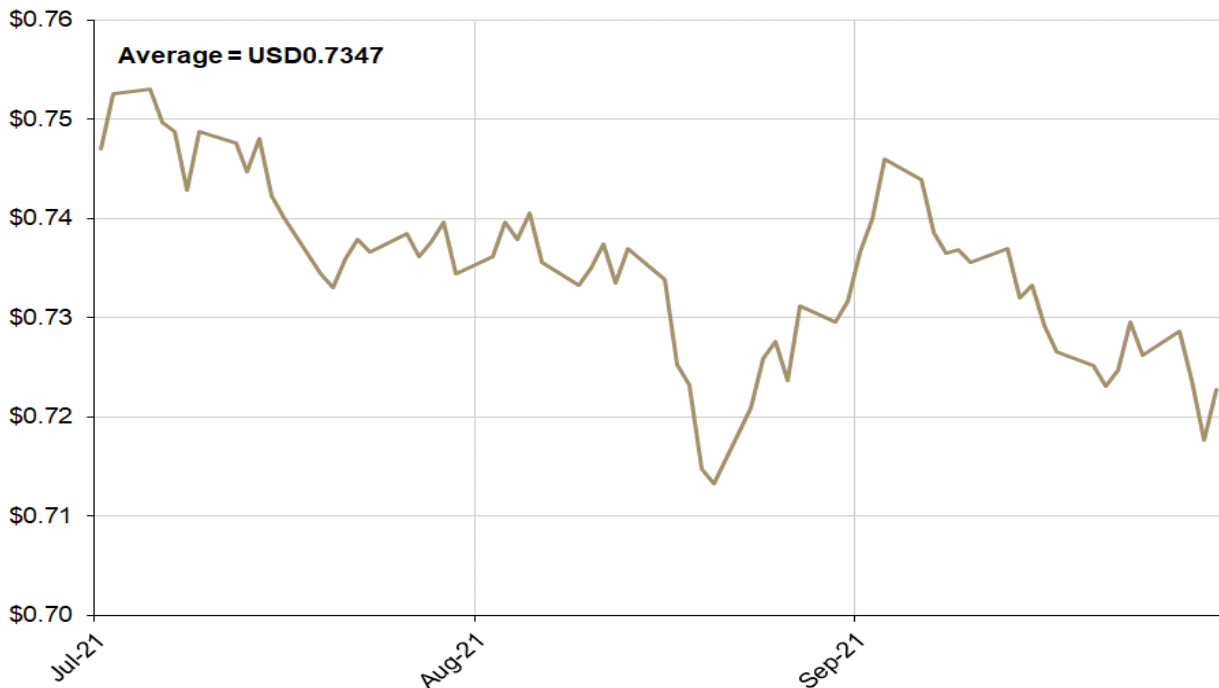
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AUD / USD September 2021



AUD / USD 2021/2022



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