

## Economic Analysis

## AUD Monthly April 2021

The Australian dollar posted its highest monthly close against the US dollar since February 2018, however, the rise was due to weakness in the greenback, particularly over the second half of the month, rather than strength in the Aussie dollar. Overall, the Australian dollar's monthly average level against the greenback was the lowest since December last year. The AUD was one of the worst performers among the G10 trading currencies, running ahead of only the Japanese yen, the British pound and the big dollar.

Central Fair Value	Present Rate	Value Band
0.7825	0.7716	0.7425 – 0.8225

- The AUD traded between USD0.7610 and USD0.7800 on a close of day basis in April, and averaged USD0.7702 before closing at USD0.7716. The AUD/USD 2-year treasury bond spread was relatively stable in April. The spread opened the month at -8 basis points and traded in a narrow -7 to -10 point range over the course of the month before closing at -8.
- Our simple Aussie dollar model suggests the AUD / USD exchange rate is trading around its fair value given the level of commodity prices, the positive sentiment on financial markets and weakness in the USD itself.
- The RBA kept its cash rate target at 0.10% and the rate it pays banks on exchange settlement balances at zero. It also continues to maintain a target of 0.10% for the 3-year Commonwealth bond yield. The RBA purchased A\$20 billion of Commonwealth and state government bonds under its quantitative easing program in April, including A\$532 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.

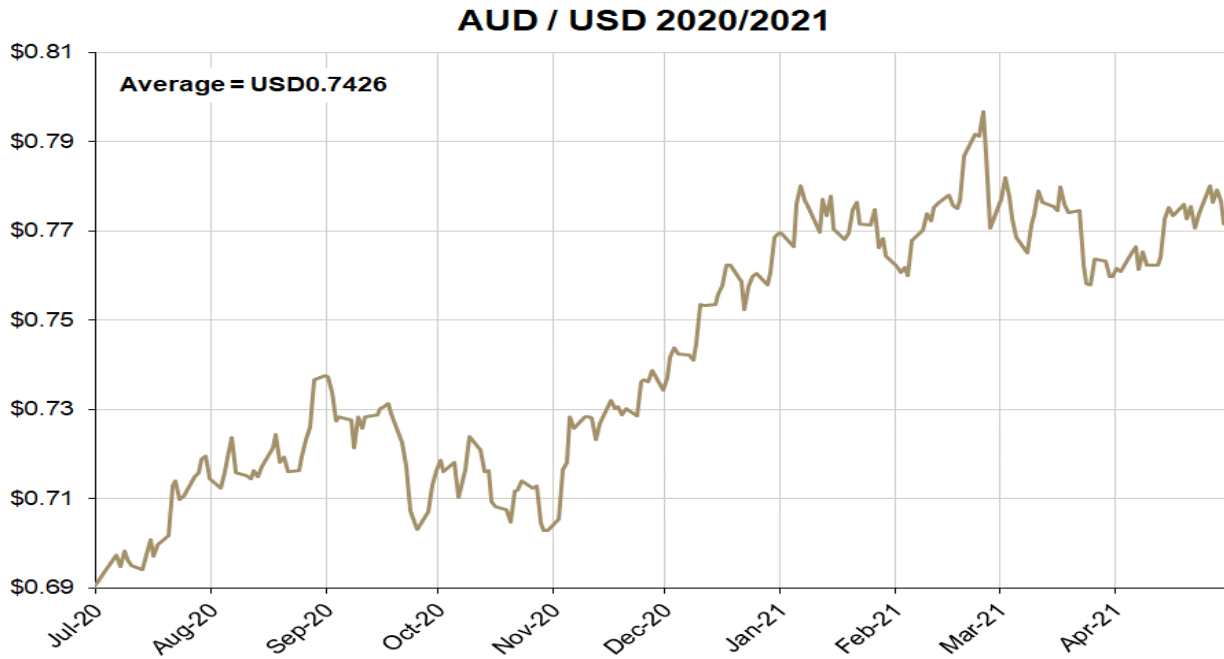
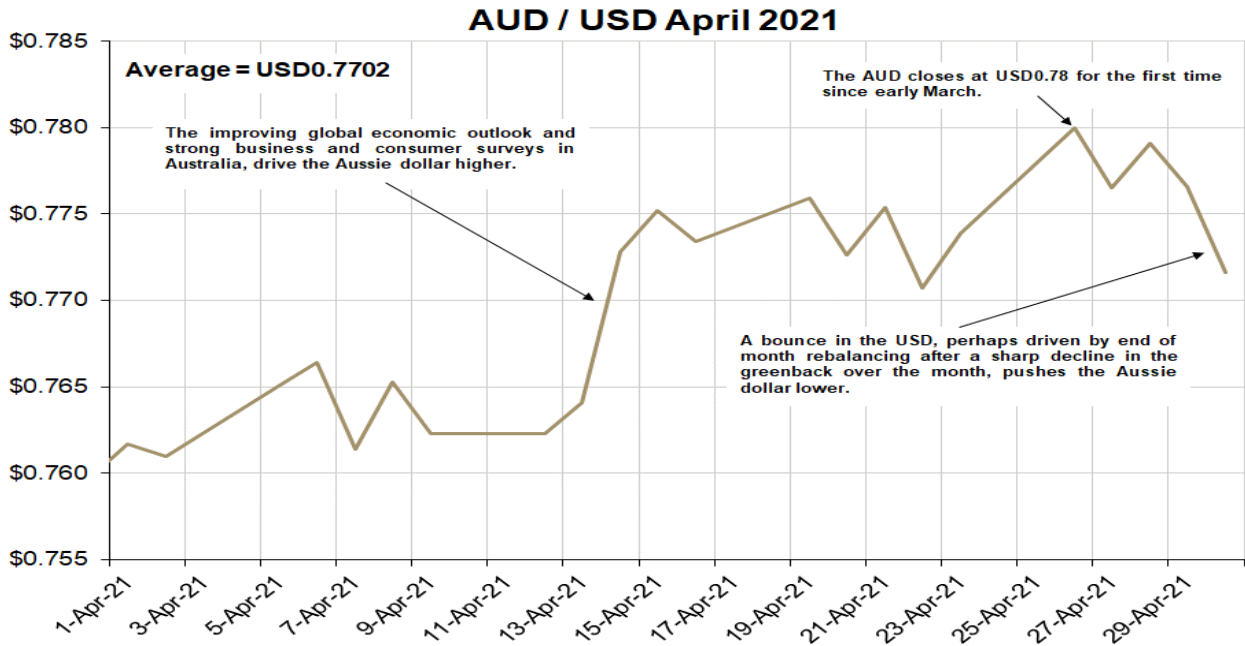
	Current	Monthly High	Monthly Low	Monthly	52wk High	52wk Low
AUD/USD 	0.7716	0.7800	0.7610	1.6%	0.7968	0.6400
AUD/EUR 	0.6415	0.6478	0.6396	-1.0%	0.6548	0.5845
AUD/GBP 	0.5582	0.5624	0.5504	1.3%	0.5734	0.5135
AUD/JPY 	84.34	84.61	83.21	0.3%	84.86	67.92
AUD/CNY 	4.9889	5.0608	4.9889	0.0%	5.1428	4.5255

- The AUD averaged USD0.7702 in April after averaging USD0.7706 in March, USD0.7755 in February and USD0.7723 in January. The AUD has averaged USD0.7426 in the first 10 months of 2020/21 after averaging USD0.6714 in 2019/20.
- Commodity prices posted further strong gains in April, though the annual rate of increase is exaggerated by the sharp slump in prices in early 2020 as a result of the COVID-19 pandemic. The RBA Commodity Price Index, which is designed as an indicator of the prices received by Australian commodity exporters, rose for the ninth month in a row in April, reaching its highest level since November 2008. The rise in the commodity price index was led by iron ore, with export prices for bulk non-rural commodities (iron ore, coal and LNG) up 4.4% in Aussie dollar terms over the month to be up 33% YoY.

Commodity AUD	30-Apr-21	MoM (%)	YoY (%)
CRB Index	259.1	6.7%	44.2%
RBA Commodity Price Index	116.1	3.3%	15.4%
Brent Crude	\$86.29	5.3%	137.6%
Singapore Gasoil 10 ppm	\$94.19	6.2%	97.1%
Gold	\$2,294.30	2.3%	-11.2%
Singapore Iron Ore Futures (62% Fe)	\$238.69	12.9%	88.9%
Nickel	\$22,920.50	8.7%	22.6%
Copper	\$12,741.54	10.5%	60.2%
Aluminium	\$3,108.55	7.0%	35.7%

### Disclaimer

Any opinions, judgments, conclusions, forecasts, predictions or estimations contained in this advice are made in reliance on information provided to Western Australian Treasury Corporation which Western Australian Treasury Corporation believes to be reliable. Western Australian Treasury Corporation, however, cannot guarantee the accuracy of that information. Thus, any recommendations are made in good faith but are provided only to assist you with any decisions which you make. These recommendations are not intended to be a substitute for professional advice on a particular matter. Before accepting or rejecting those recommendations you must discuss your particular needs and circumstances with Western Australian Treasury Corporation.



**3 MAY 2021**

**Disclaimer**

Any opinions, judgments, conclusions, forecasts, predictions or estimations contained in this advice are made in reliance on information provided to Western Australian Treasury Corporation which Western Australian Treasury Corporation believes to be reliable. Western Australian Treasury Corporation, however, cannot guarantee the accuracy of that information. Thus, any recommendations are made in good faith but are provided only to assist you with any decisions which you make. These recommendations are not intended to be a substitute for professional advice on a particular matter. Before accepting or rejecting those recommendations you must discuss your particular needs and circumstances with Western Australian Treasury Corporation.