

Interest Rates (%)			FX		Commodities US\$			
Australia		Δ bp	AUD/USD	0.7319	-0.7%	WTI Crude Oil	70.83	\$0.23
90-day Bill	0.01	0	AUD/JPY	80.28	-1.0%	Brent Crude Oil	73.93	\$0.42
3-year Bond	0.21	-5	AUD/EUR	0.6200	-0.6%	Mogas95*	83.65	\$1.00
10-year Bond	1.22	-3	AUD/GBP	0.5299	-0.5%	CRB Index	221.52	0.32
			AUD/NZD	1.0311	-0.4%	Gold	1803.21	\$10.79
			AUD/CNY	4.7121	-0.9%	Silver	23.83	\$0.11
US			EUR/USD	1.1803	-0.1%	Iron Ore (62% Fe)**	120.67	-\$1.45
2-year	0.21	-1	USD/JPY	109.65	-0.3%	Iron Ore (21-22 Average)	171.93	-\$0.97
10-year	1.29	-4	USD/CNY	6.4382	-0.2%	Copper	9442.00	-\$120.50
			RBA Policy		Equities			
Other 10-year			O/N Cash Rate Target	0.10%	ASX200	7413	-12	
Japan	0.04	0	Interbank O/N Cash Rate	0.03%	Dow Jones	34578	-292	
Germany	-0.34	-1	RBA Bond Purchases (YCC)***	A\$79.3b	S&P500	4443	-26	
UK	0.74	0	RBA Bond Purchases (QE)***	A\$205.0b	Stoxx600	468	0	
					CSI300	4917	-75	

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

**Iron ore is the second SGX futures contract.

***YCC stands for the yield curve control policy. QE stands for quantitative easing (the RBA's bond buying program).

US equities resumed falling overnight as market sentiment remained fragile. US Treasury yields slipped back following the weaker than expected US CPI report. The Aussie dollar fell to its lowest level since the end of August.

Reserve Bank of Australia governor Philip Lowe gave his annual address to the Anika Foundation yesterday, titled Delta, the Economy and Monetary Policy. The Governor continued to sound a pretty optimistic tone but didn't say much that was new. The central message continues to be that, while a sharp contraction in GDP is expected in Q3, the Delta outbreak will delay but not derail the Australian recovery. The decision to push out the review of the bond buying program from mid-November to mid-February 2022, reflected the near-term uncertainty as to the outlook. Despite the generally upbeat tone, Dr Lowe went on to chide the market for pricing in cash rate hikes next year or early 2023, given the RBA continues say that it doesn't expect to raise rates before 2024.

The NAB business survey for August saw an improvement in Aussie business conditions during the month, with the index rising 4pts to a well above average 14 (l/t avg. 6). The employment subindex slipped but also remained well above the long-term average. The confidence index improved but is well below average at -5. Western Australian business conditions remained ahead of the other states on a trend basis.

The Aussie residential property price index rose 6.7% in Q2, the strongest quarterly growth since the series began in Q3 2003, to be up 16.8% YoY. Prices were up strongly in all state capitals in the quarter, led by an 8.1% increase in Sydney. The Perth index rose a strong 4.8%, however, it was the smallest rise of the state capitals.

The US CPI report saw inflation ease more than expected in August, with the seasonally adjusted headline CPI rising 0.3% in the month (exp 0.5%) with annual inflation steady at 5.3%. The core CPI was up just 0.1%, the slowest monthly growth since February, with the annual rate falling to 4.0%.

Australian equities finished in positive territory yesterday but opened in the red this morning. The Aussie dollar and 3Y bond yields fell after the RBA Governor downplayed the chances of interest rate hikes before 2024 with the Aussie losing further ground overnight. The Australian 10Y bond yield followed US yields lower.

ECONOMIC DATA REVIEW

- **AU:** NAB Business Conditions (Aug) – Actual 14, Previous 10 (revised).
- **AU:** NAB Business Confidence (Aug) – Actual -5, Previous -7 (revised).
- **AU:** Residential Price Index (QoQ, Q2) – Actual 6.7%, Expected 6.0%, Previous 5.4%.
- **US:** CPI (MoM, Aug) – Actual 0.3%, Expected 0.4%, Previous 0.5%.

ECONOMIC DATA PREVIEW

- **AU:** Westpac – Melbourne Institute Consumer Sentiment (Sep) – Previous -4.4%.
- **CH:** Retail Sales (YoY, Aug) – Expected 7.0%, Previous 8.5%.
- **CH:** Industrial Production (YoY, Aug) – Expected 5.8%, Previous 6.4%.
- **CH:** Urban Fixed Asset Investment (YTD YoY, Aug) – Expected 9.0%, Previous 10.3%.
- **US:** Industrial Production (MoM, Aug) – Expected 0.5%, Previous 0.9%.

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