

Interest Rates (%)			FX		Commodities US\$			
Australia		Δ bp	AUD/USD	0.7345	0.0%	WTI Crude Oil	80.33	-\$0.08
90-day Bill	0.03	0	AUD/JPY	83.39	0.1%	Brent Crude Oil	83.42	-\$0.23
3-year Bond	0.58	1	AUD/EUR	0.6369	0.1%	Mogas95*	96.54	\$1.08
10-year Bond	1.71	-6	AUD/GBP	0.5407	0.0%	CRB Index	235.87	-0.48
			AUD/NZD	1.0597	0.1%	Gold	1760.01	\$7.50
			AUD/CNY	4.7364	0.0%	Silver	22.53	\$0.00
US			EUR/USD	1.1532	-0.1%	Iron Ore (62% Fe)**	127.71	-\$7.73
2-year	0.34	2	USD/JPY	113.53	0.1%	Iron Ore (21-22 Average)	156.22	-\$0.39
10-year	1.57	-4	USD/CNY	6.4485	0.0%	Copper	9465.00	-\$78.00
			RBA Policy		Equities			
			O/N Cash Rate Target	0.10%		ASX200	7284	-7
			Interbank O/N Cash Rate	0.03%		Dow Jones	34378	-118
Other 10-year			RBA Bond Purchases (YCC)***	A\$79.3b		S&P500	4351	-10
Japan	0.09	0	RBA Bond Purchases (QE)***	A\$219.4b		Stoxx600	457	-1
Germany	-0.09	3				CSI300	4884	-52
UK	1.15	-4						

*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 share markets ended another trading day in the red as investors continued to fret about the impact of higher operating costs on corporate earnings, with the earnings season unofficially kicking off later today. US long-term Treasury yields retreated from multi-month highs. The US House of Representatives passed the limited hike to the debt ceiling that was approved by a small Senate majority last week, which will keep the US government funded until December. Oil futures stabilised at elevated levels, while gas prices continued to climb.

Speaking overnight, Fed Vice Chair Richard Clarida and Atlanta Fed President Raphael Bostic repeated that the US economy has recovered enough for the Fed to begin tapering its asset purchases. In addition, St Louis Fed President James Bullard expressed an opinion that Fed tapering should be completed by the end of the first quarter of 2022, allowing for an increase in the fed funds rate if inflation stays high or rises further.

The hawkish comments from Fed officials were validated by the US job openings and labour turnover survey (JOLTS). US job openings fell to 10.4m in August, which would have been a record high if not for the 11.1m openings recorded for July. The number of job openings per unemployed was 1.2 compared with 1.3 in July, suggesting extremely tight US labour market conditions. This was reinforced by a rise in the "quits rate" to a record high of 2.9%, suggesting workers are becoming increasingly confident of leaving their employment for opportunities elsewhere.

In their new edition of the World Economic Outlook, the International Monetary Fund warned about upside inflation risks and urged the central banks, including the Fed, to be prepared to act quickly if the spike in inflation translates into significantly higher inflation expectations.

In Australia, the NAB business confidence index surged 19 pts to 13 in September, led by New South Wales and Victoria, after both states announced their re-opening plans. The largest increases were recorded in sectors most affected by the lockdown. The business conditions index slumped 9 pts to 5, to be a little below the long-term average. Quarterly growth in labour costs decelerated. Purchase costs and final product price inflation remained relatively elevated but grew at a similar quarterly pace as in August.

The Australian dollar was stable versus the stronger greenback. 10-year Commonwealth bond yields declined more than their US equivalents. The ASX 200 slipped yesterday and opened lower again this morning.

ECONOMIC DATA REVIEW

- **AU:** NAB Business Conditions (Sep) – Actual 13, Previous -6 (revised).
- **AU:** NAB Business Confidence (Sep) – Actual 5, Previous 14 (revised).
- **US:** JOLTS Job Openings (Aug) – Actual 10.4m, Expected 10.9m, Previous 11.1m.

ECONOMIC DATA PREVIEW

- **AU:** Westpac Consumer Sentiment (Oct) – Previous 2.0%.
- **CH:** Trade Balance (Sep) – Expected US\$47.6b, Previous US\$58.2b.
- **US:** CPI (MoM, Sep) – Expected 0.3%, Previous 0.3%.
- **US:** FOMC Minutes.

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