

| Interest Rates | | | FX | | Commodities US\$ | | | |
|----------------------|------|-------------|------------------------------------|-----------|------------------|--------------------------|---------|---------|
| Australia | | Δ bp | AUD/USD | 0.6954 | 0.1% | WTI Crude Oil | 88.39 | -\$2.70 |
| 90-day Bill | 2.19 | 1 | AUD/JPY | 92.42 | -0.5% | Brent Crude Oil | 93.93 | -\$3.25 |
| 3-year Bond | 2.85 | 3 | AUD/EUR | 0.6794 | -0.6% | Mogas95* | 113.44 | \$0.03 |
| 10-year Bond | 3.12 | 1 | AUD/GBP | 0.5724 | 0.2% | CRB Index | 281.21 | -0.51 |
| | | | AUD/NZD | 1.1057 | 0.0% | Gold | 1793.59 | \$28.00 |
| | | | AUD/CNY | 4.6929 | 0.0% | Silver | 20.21 | \$0.21 |
| US | | | EUR/USD | 1.0235 | 0.7% | Iron Ore (62% Fe)** | 105.71 | -\$4.22 |
| 2-year Bond | 3.04 | -5 | USD/JPY | 132.96 | -0.6% | Iron Ore (22-23 Average) | 108.06 | -\$0.09 |
| 10-year Bond | 2.68 | -3 | USD/CNY | 6.7485 | -0.1% | Copper | 7727.50 | \$50.00 |
| | | | RBA Policy | | Equities | | | |
| Other 10-year | | | O/N Cash Rate Target | 1.85% | ASX200 | 6996 | -13 | |
| Japan | 0.18 | 0 | Interbank O/N Cash Rate | 1.81% | Dow Jones | 32727 | -86 | |
| Germany | 0.81 | -6 | Probability of a 50bps Hike in Sep | 66.2% | S&P500 | 4152 | -3 | |
| UK | 1.88 | -5 | RBA Bond Holdings (29 July) | A\$353.1b | Stoxx600 | 439 | 1 | |
| | | | | | CSB300 | 4102 | 35 | |

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

**Iron ore is the second SGX futures contract.

US shares were mixed on Thursday ahead of the non-farm payrolls report tonight, with the weekly unemployment claims numbers proving weaker than expected. The Dow Jones and the S&P 500 declined, but the Nasdaq managed to close higher. The weaker US jobless report and some anxiety about the upcoming monthly job numbers was also reflected in a slight decline in fed funds rate expectations. As a result, the US dollar saw quite strong depreciation, while Treasury yields fell, particularly for shorter maturities.

US initial jobless claims continued their upward trend last week, rising to 260k, which is the highest level since mid-November 2021. Continued claims also rose in the week ending 23 July but remained very low at just 1.4m. The market consensus is for another 250k rise in non-farm payrolls in July, which would be a bit less than in June but still a solid gain.

Across the pond, the Bank of England increased its bank rate by 50bps to 1.75%, as expected, and issued new economic projections. It now expects that inflation will climb above 13% in Q4 2022 and remain elevated for much of 2023, before declining back to target. It also forecasts that the UK economy will enter recession in the final quarter of this year, with GDP falling in the entirety of 2023. The British pound depreciated on the news.

In commodity markets, oil prices fell further on demand fears. This came as the US Energy Information Administration reported that US petrol demand fell below the 2020 levels over the past four weeks. Iron ore futures continued to slide amid concerns over the Chinese demand outlook, falling by a further 3.8% yesterday.

In Australia, the [trade surplus](#) widened to a new record high of A\$17.7b in June, against the market consensus of a decline to A\$14.1b, driven by another strong rise in exports partly offset by an uptick in imports. The strongest contribution to the increase in exports came from the volatile non-monetary gold and metal ores and minerals (mainly iron ore). There was a solid increase in services imports, supported mainly by the further recovery of overseas travel among Australians residents.

The record surplus supported the AUD, which is up versus the weaker greenback and the British pound. Aussie Commonwealth bond yields rose across the yield curve. The ASX 200 opened strongly yesterday before closing flat and has opened a little higher this morning.

ECONOMIC DATA REVIEW

- **AU:** Trade Balance (Jun) – Actual A\$17.7b, Expected A\$14.1b, Previous A\$15.0b (revised).
- **UK:** Bank of England Decision (Bank Rate) – Actual 1.75%, Expected 1.75%, Previous 1.25%.
- **US:** Initial Jobless Claims (w/e 30 Jul) – Actual 260k, Expected 255k, Previous 254k (revised).

ECONOMIC DATA PREVIEW

- **AU:** RBA Statement on Monetary Policy.
- **US:** Non-farm Payrolls (monthly change, Jul) – Expected 250k, Previous 372k.
- **US:** Unemployment Rate (Jul) – Expected 3.6%, Previous 3.6%.

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