

Interest Rates			FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.6984	1.2%	WTI Crude Oil	90.49	\$2.35
90-day Bill	2.26	0	AUD/JPY	94.19	0.8%	Brent Crude Oil	96.41	\$2.42
3-year Bond	2.97	-5	AUD/EUR	0.6852	0.9%	Mogas95*	105.36	\$1.56
10-year Bond	3.19	-6	AUD/GBP	0.5780	1.0%	CRB Index	281.80	0.76
			AUD/NZD	1.1110	0.3%	Gold	1788.89	\$14.05
			AUD/CNY	4.7145	1.0%	Silver	20.65	\$0.85
US			EUR/USD	1.0192	0.3%	Iron Ore (62% Fe)**	111.67	\$2.56
2-year Bond	3.21	-4	USD/JPY	134.87	-0.4%	Iron Ore (22-23 Average)	108.23	\$0.13
10-year Bond	2.75	-8	USD/CNY	6.7505	-0.2%	Copper	7987.50	\$117.00
			RBA Policy			Equities		
			O/N Cash Rate Target		1.85%	ASX200	7028	36
			Interbank O/N Cash Rate		1.81%	Dow Jones	32833	29
Other 10-year			Probability of a 50bps Hike in Sep		78.7%	S&P500	4140	-5
Japan	0.17	-1	RBA Bond Holdings (29 July)		A\$353.1b	Stoxx600	439	3
Germany	0.89	-5				CSB300	4148	-9
UK	1.95	-9						

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

**Iron ore is the second SGX futures contract.

The US share indices were again mixed overnight, still under influence of the [US labour market data](#) released on Friday. The S&P 500 and the Nasdaq saw another slight decline as another supersized hike in the fed funds rate is now expected for September, while receding recession fears allowed the Dow Jones to close marginally higher. This followed an overall positive session in Australia, most of Asia and Europe.

Government bond yields declined after a strong increase over the weekend. The decline was relatively large at the back end of the yield curve, reflecting a decline in inflation expectations. The probability of a 75bps hike at the next FOMC meeting in late September implied from fed funds futures has eased somewhat, but remains above 60%.

In commodity markets, oil prices rose by nearly 3%, buoyed by positive economic data. Iron ore futures also saw another solid 2.3% increase. The rise in commodity prices was supportive of the Australian dollar, which appreciated against all the major currencies despite the mixed global market sentiment.

There was no market-moving data overnight, with the only release of note being the New York Fed consumer inflation expectations, which declined for short-, medium- and long-term horizons but remained elevated. This comes ahead of US inflation data tomorrow night, with a 0.4ppts decline in the annual rate to the still high 8.7% expected.

In Australia, ANZ Roy Morgan consumer confidence dropped by 4.5% last week, wiping off the gains from the previous three weeks. The drop was the result of another 50bps increase in interest rates by the RBA, which have now been passed on to mortgage rates by all big four banks, as well as news of a decline in house prices over east.

Two-year consumer inflation expectations increased by 0.1ppts to 5.7%, despite petrol prices seeing the fourth consecutive weekly decline.

Westpac consumer sentiment for August will be published later this morning. Today will also see the NAB business report for July, with developments in wage and material costs in particular focus.

ECONOMIC DATA REVIEW

- **AU:** ANZ Roy Morgan Consumer Confidence (w/e 6 Aug) – Actual -4.5%, Previous 2.1%.

ECONOMIC DATA PREVIEW

- **AU:** NAB Business Conditions (Jul) – Previous 13.
- **AU:** NAB Business Confidence (Jul) – Previous 1.
- **AU:** Westpac Consumer Sentiment (Aug) – Previous -3.0%.

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