

Interest Rates (%)			FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.6292	0.2%	WTI Crude Oil	69.27	\$0.18
	90-day Bill	4.11	AUD/JPY	94.47	-0.4%	Brent Crude Oil	73.27	\$0.29
	3-year Bond	3.77	AUD/EUR	0.5835	0.3%	Mogas95*	82.87	\$0.16
	10-year Bond	4.45	AUD/GBP	0.4864	0.0%	CRB Index	306.51	0.13
US			AUD/NZD	1.0995	0.1%	Gold	3018.15	\$7.31
	2-year	4.01	AUD/CNY	4.5717	0.2%	Silver	33.67	\$0.71
	10-year	4.33	EUR/USD	1.0785	-0.1%	Iron Ore (62% Fe)**	102.00	-\$0.20
			USD/JPY	150.14	-0.5%	Iron Ore (24-25 Average)	101.99	\$0.00
Other 10-year			USD/CNY	7.2584	0.0%	Copper	10112.00	\$156.00
			RBA Policy			Equities		
			O/N Cash Rate Target	4.10		ASX200	8009	32
			Interbank O/N Cash Rate	4.09		Dow Jones	42588	4
Japan	1.59	2	Probability of a 25bps Cut in Apr	6.2%		S&P500	5777	9
Germany	2.80	3	RBA Bond Holdings (28 Feb)	A\$297.6b		Stoxx600	553	4
UK	4.75	4				CSI300	3932	-3

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

**Iron ore is the second SGX futures contract.

The S&P 500 closed only marginally higher last night and solely thanks to a late rally supported by news of an apparent ceasefire between Russia and Ukraine regarding maritime military operations in the Black Sea. Market sentiment was dented by a larger-than-expected decline in the Conference Board consumer confidence index. US Treasury yields declined at the front end of the yield curve, while the US dollar appreciated.

The ASX 200 ticked up by 0.1% yesterday, as the initial optimism evaporated later in the trading day. However, the Aussie share market opened higher again this morning. The Australian dollar appreciated against all the major currencies except for the stronger Japanese yen, while Commonwealth bond yields are little changed since yesterday morning. RBA cash rate cut expectations were scaled back a little after the Commonwealth budget.

US Conference Board consumer confidence dropped 7.2% to a four-year low of 92.9 in March (mkt exp.: 94.0). The decline was driven by expectations about future conditions, which plunged 12.8% to 65.2, the lowest level in exactly 12 years, while the assessment of the current situation remains little changed. The Case-Shiller house price index for 20 major US cities rose by 0.5% in January, to be up by 4.7% through the year, and is at a new record high.

In Australia, the Commonwealth government released its 2025-26 budget yesterday, with the underlying cash balance estimated to slip into deficit of 1.0% of GDP in 2024-25, before deteriorating to 1.5% of GDP in the following year with deficits of 1.1-1.2% of GDP forecast in the outyears. The deficit forecast for 2025-26 is 0.2ppts lower than what was projected in the Mid-Year Economic and Fiscal Outlook released in December.

The somewhat narrower forecast deficits over the next two fiscal years have been driven by higher-than-expected revenue, which are almost fully offset by increased spending, including on the new batch of electricity bill relief, a range of measures in the health portfolio and freshly announced personal income tax cuts. The future of the last measure is uncertain, as the opposition has already announced that they will not support the additional personal income tax cuts.

Net federal debt is expected to rise from the estimated 19.9% of GDP in 2024-25 to 21.5% of GDP in 2025-26, and climb further in the outyears, but remain below to 25% of GDP until at least 2035-36.

The Commonwealth budget was prepared under the assumption of acceleration in GDP to 2.25% in 2025-26 from an estimated 1.5% this financial year and is expected to accelerate further to 2.5% in 2026-27 and 2.75% in the following two financial years. The unemployment rate is expected to peak at 4.25%, while inflation is to remain close to the mid-point of RBA's target of 2-3%. Apart from the downward revision to the inflation forecasts for this and next financial year, the economic assumptions were kept roughly unchanged from the 2024-25 MYEFO.

Economic Data Review

- **US:** Conference Board Consumer Confidence (Mar) – Actual 92.9, Expected 94.0, Previous 100.1 (revised).
- **US:** Case-Shiller House Price Index (MoM, Jan) – Actual 0.5%, Expected 0.4%, Previous 0.5%.

Economic Data Preview

- **AU:** Monthly CPI Indicator (YoY, Feb) – Expected 2.5%, Previous 2.5%.
- **UK:** CPI (MoM, Feb) – Expected 0.5%, Previous -0.1%.
- **US:** Durable Goods Order (MoM, Feb) – Expected -1.0%, Previous 3.2%.