

Interest Rates (%)			FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.6301	-0.9%	WTI Crude Oil	68.47	\$1.16
90-day Bill	4.11	-1	AUD/JPY	93.81	-0.6%	Brent Crude Oil	72.35	\$1.40
3-year Bond	3.76	-2	AUD/EUR	0.5805	-0.4%	Mogas95*	81.69	\$0.99
10-year Bond	4.39	0	AUD/GBP	0.4860	-0.6%	CRB Index	307.41	1.10
			AUD/NZD	1.0939	0.0%	Gold	3043.60	-\$9.45
			AUD/CNY	4.5679	-0.6%	Silver	33.46	-\$0.41
US			EUR/USD	1.0853	-0.5%	Iron Ore (62% Fe)**	99.90	-\$0.10
2-year	3.96	-1	USD/JPY	148.89	0.3%	Iron Ore (24-25 Average)	101.99	-\$0.01
10-year	4.24	0	USD/CNY	7.2493	0.3%	Copper	9936.50	-\$51.00
			RBA Policy			Equities		
Other 10-year			O/N Cash Rate Target	4.10		ASX200	7925	32
Japan	1.54	2	Interbank O/N Cash Rate	4.09		Dow Jones	41953	-11
Germany	2.78	-2	Probability of a 25bps Cut in Apr	10.3%		S&P500	5663	-12
UK	4.65	1	RBA Bond Holdings (28 Feb)	A\$297.6b		Stoxx600	553	-2
						CSI300	3975	-35

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

**Iron ore is the second SGX futures contract.

Wall Street looked set for a second consecutive day of gains in early trade, but the optimism evaporated later in the session resulting in all three major stock indices closing slightly lower. This comes ahead of the so-called 'triple-witching' tonight, when US\$4.5b of options will expire, which may trigger extra volatility. The US dollar appreciated a little further, while US Treasury yields saw only slight declines.

The Australian dollar depreciated in reaction to a massive downside surprise to domestic employment growth. Cash rate cut expectations intensified a little, with pricing for a May interest rate cut increasing to 64% from 54% prior to the release, with a rate cut fully priced in for July. Commonwealth bond yields declined a little at the front end of the curve. The ASX 200 surged by 1.2% yesterday, with declines only in materials and utilities, before opening 0.1% lower this morning.

In commodity markets, the gold price eased from its record high, but remained comfortably above the US\$3,000 an ounce mark amid the ongoing geopolitical uncertainties. Israeli forces have resumed ground operations in Gaza, while US President Donald Trump said that he will use the 'maximum pressure' to persuade Iran to start talks on a new nuclear deal. Oil prices have climbed to the highest levels in 2.5-weeks. Iron ore futures slipped slightly below US\$100 a tonne.

Data-wise, US initial jobless claims were little changed at 223k last week, while continued claims again approached 1.9 million in the week ending 15 March.

Across the Atlantic, the Bank of England kept its bank rate unchanged at 4.50%, as expected, but warned that the risks to inflation are again becoming two-sided. The markets are not expecting another rate cut before August.

Closer to home, the annual rate of Japanese CPI inflation eased 0.3ppts to 3.7% in February, against the market expectations of a more decisive decline to 3.5%. However, the so-called 'core-core' inflation, which excludes fresh food and energy, ticked up 0.1ppts to 2.6%.

In Australia, [employment](#) dropped a seasonally adjusted 52.8k in February, which came as a surprise to market participants expecting a 30.0k gain. The downside surprise resulted from fewer senior age employees, who had engaged more in employment after COVID-19 hit, returning to work than in the previous year. The lower participation overall allowed the unemployment rate to remain at 4.1%, as expected. Looking through the monthly maturities, trend employment continued to rise in January, albeit at the slowest pace since May 2020 (+15.2k), while the trend unemployment rate remained at 4.0%.

In other domestic data, Aussie population growth slowed to 1.8% over the year to September, which compares to a peak of 2.5% YoY two years earlier.

Economic Data Review

- **AU:** Employment (monthly change, Feb) – Actual 52.8k, Expected 30.0k, Previous 30.5k (revised).
- **AU:** Unemployment Rate (Feb) – Actual 4.1%, Expected 4.1%, Previous 4.1%.
- **JP:** CPI (YoY, Feb) – Actual 3.7%, Expected 3.5%, Previous 4.0%.
- **US:** Initial Jobless Claims (w/e 15 Mar) – Actual 223k, Expected 224k, Previous 220k.

Economic Data Preview

No market-moving data.