

The Australian dollar slipped against the stronger US dollar in April, its third monthly loss in the past four.

The exchange rate started the month positively as softish US economic data and dovish comments from Fed Chair Jerome Powell drove the greenback lower, while the Aussie rose against all the major currencies. The AUD/USD closed 9 April at its highest level since January.

The exchange rate soon started to slide after stronger-than-expected US CPI inflation and escalating geopolitical risks pushed the greenback higher, with the AUD/USD exchange rate falling on 16 April, to its lowest monthly close since November last year.

The Aussie rebounded again over the second half the month as concerns over a possible war between Israel and Iran faded, and stronger Aussie inflation data saw traders unwind expectations for RBA rate cuts this year and start to consider rates rises instead. However, news of stronger-than-expected US labour cost growth in Q1, drove the big dollar higher again on the last day of the month, as traders pushed back expectations for a Fed rate cut this year.

The AUD appreciated against the broader currency market, strengthening against the remainder of the G10 currency basket, with the trade-weighted index adding 1.1% over the month. The Aussie gained 3.6% against the Japanese yen and hit a 10-year high of ¥103.45 on 26 April before easing back late in the month.


Model Expected Value	Present Rate	Expected Value Band
0.6550	0.6473	0.6400 – 0.6700

The Australian dollar traded between US\$0.6402 and US\$0.6629 on a close-of-day basis in April and averaged US\$0.6506, before closing at US\$0.6473. The AUD averaged US\$0.6541 over the first 10 months of 2023-24, after averaging USD0.6732 in 2022-23.

The spread between the Australian 2-year Treasury bond yield and the US 2-year Treasury bond yield widened from -86pts at the start of April to -94pts at month end. The spread averaged -98pts over the month.

There was no RBA Board meeting in March. Exchange settlement balances (reserves) held at the RBA rose A\$3.1 billion to A\$333.1 billion. The futures market moved from fully pricing in a cash rate cut in September at the start of the month, to currently pricing in a 30% chance of a cash rate increase. Although the market had been winding back its pricing for a cash rate cut for some time, the catalyst for the change to pricing in an increase was the bigger-than-expected increase in the CPI in Q1, which suggests the RBA will revise up its inflation forecasts when it releases its quarterly Statement on Monetary Policy after its meeting next week. The RBA Board has been clear in communicating that it has little tolerance for upside surprises to inflation.

There has also been a sharp scaling back of pricing for interest rate cuts in the US following higher-than-expected inflation. The market is now pricing in just one Fed 25 basis point interest rate cut this year, down from 68bps at the beginning of the month.

	Current	Monthly High	Monthly Low	Monthly	52wk High	52wk Low
AUD/USD 	0.6473	0.6629	0.6402	-0.7%	0.6889	0.6296
AUD/EUR 	0.6069	0.6126	0.6022	0.5%	0.6288	0.5886
AUD/GBP 	0.5181	0.5230	0.5152	0.4%	0.5396	0.5024
AUD/JPY 	102.15	103.45	98.41	3.6%	103.45	89.88
AUD/CNY 	4.6948	4.7889	4.6420	-0.3%	4.9273	4.6007

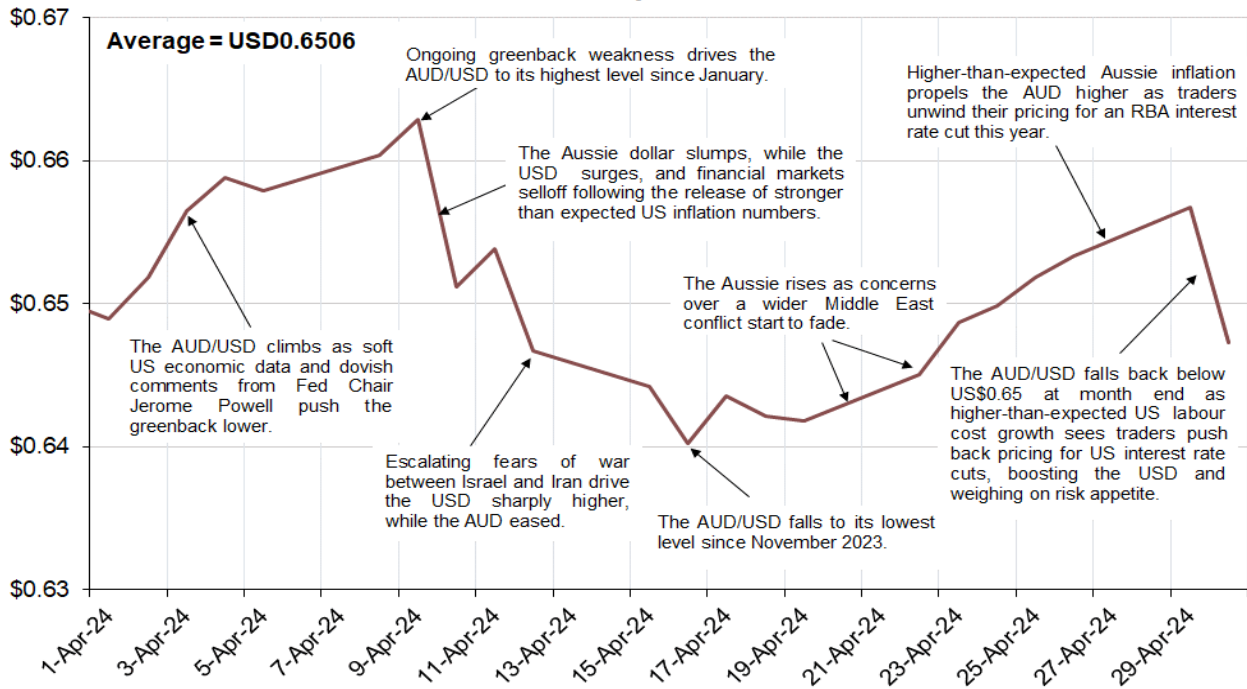
Commodity prices were mainly higher in April, led by base metals and iron ore prices. Copper prices rebounded sharply from weakness earlier in the year, climbing to record highs in Aussie dollar terms, driven by supply concerns, while aluminium and nickel also posted strong increases. Iron ore futures slipped to the lowest level since May 2023, before bouncing back as Chinese authorities continued to hint at increasing support for the ailing property sector. The Brent crude oil price hit a five-month high early in the month as the conflict in the Middle East escalated but drifted back as concerns over a wider war eased.

Commodity AUD	30-Apr-24	MoM (%)	YoY (%)
CRB Index	449.3	0.9%	10.9%
RBA Commodity Price Index	84.7	-1.5%	-11.0%
Brent Crude	\$135.44	0.9%	20.5%
Singapore Gasoil 10 ppm	\$156.36	-2.2%	15.3%
Gold	\$3,524.35	3.0%	17.2%
Singapore Iron Ore Futures (62% Fe)	\$179.50	18.1%	13.3%
Nickel	\$29,656.24	15.4%	-19.0%
Copper	\$15,401.57	13.2%	18.6%
Aluminium	\$3,994.91	11.4%	12.2%

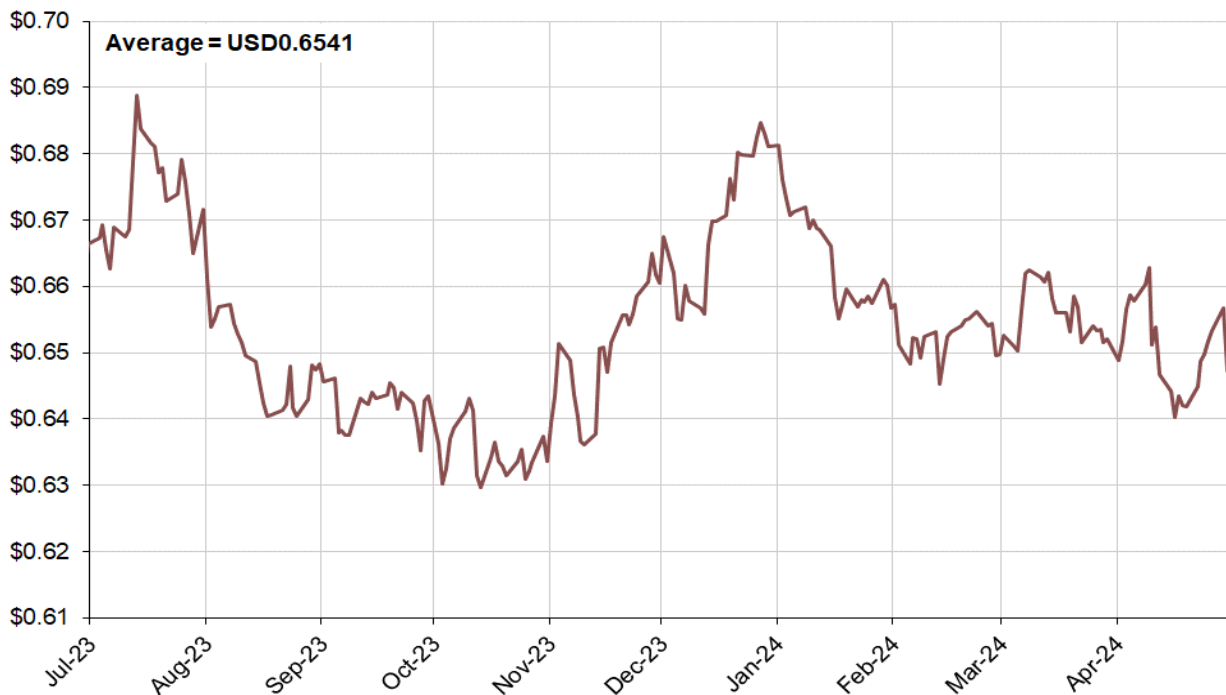
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AUD / USD April 2024



AUD / USD 2023-2024



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