

Business conditions and confidence are little changed. In the US, rate cuts are pushed further out as inflation surprises to the upside.

Economic data

In Australia, the latest NAB Business Survey saw business conditions falling 1 point to +9 index points, while business confidence rose 1 point to +1 index point. Quarterly retail price growth eased to 1.3%.

In the US, CPI came in above expectations at 0.4% for the month and 3.5% YoY, sparking fears of a resurgence in inflation. PPI rose moderately, with the MoM figure for March rising 0.2%, while the YoY increased by 2.1%.

Rates

Australian yields rose across last week, with 2-year yields increasing by 0.16% to 3.90%, while 10-year yields spiked 0.17% to 4.27%.

A quieter week on the Australian front saw the release of March's NAB Business Survey. Business conditions and confidence were little changed, at +9 index points and +1 index point respectively. This continued the trend of above average-activity indicators alongside below-average confidence, a sign that firms remain concerned about the outlook even as the economy has stayed resilient. Retail price growth eased to a still elevated 1.3% after jumping to 1.4% in February, potentially signaling the persistence of inflation pressures. Ahead of the full Q1 2024 CPI result due later in April, the survey indicates that progress on inflation is likely to be gradual.

In the US, yields climbed across the board, with 2-year 0.15% higher to 4.90% and 10-year yields rising 0.12% higher to 4.52%.

US CPI accelerated at a faster-than-expected pace in March, topping forecasts for a third straight month. The figure rose 0.4% for the month, putting the YoY inflation rate at 3.5%, 0.3% higher than in February. Forecasts had placed a monthly gain of 0.3% and a 3.4% YoY increase. Core CPI also exceeded estimates, at 0.4% MoM and 3.8% YoY. This spurred concerns that inflation is stickier than expected, likely further delaying Fed cuts. Markets reacted dramatically, as yields rose and expectations of the first rate cut have now been pushed out to September, with two rate cuts priced in for the year. Minutes of the Fed's meeting in March published later last week showed that policymakers were worried that progress on inflation might have stalled, and that the Fed may have to keep rates higher for longer, though PPI data that followed came in softer than expected, helping to sooth inflation concerns.

Credit

Credit spreads remained at the previous levels, with the Australian iTraxx index steady at 66bps.

Other markets

Commodities were largely positive over the week with the CRB index gaining 0.8% to 548.1. The price of oil slid 1.4% to USD 85.7 per barrel, while gold plowed to new record highs to finish the week up 0.6% at USD 2,344 per ounce. Iron ore price jumped 14.1% to USD 111.20 per ton.

In FX, the US dollar strengthened across the board after CPI data release. The AUD/USD fell 1.7% to 0.647, the EUR/USD dropped 1.8% to 1.064, and the GBP/USD was down 1.5% to 1.245. The USD/JPY hit a new 34-year high, increasing 1.1% to 153.2.

The S&P 500 index stumbled for a second straight week, closing 1.6% lower at 5,123, the biggest weekly loss of the year. The Nikkei was 1.4% higher at 39,524, while the FTSE 100 also gained 1.1% to 7,996. The ASX200 climbed slightly by 0.2% to 7,788.

The week ahead

In Australia, an important week ahead will see the spotlight on labour market data from March. In the US, retail sales data will be in focus, alongside comments from Fed Chair Powell.

BlackRock Fixed Income Product Strategy

The Market Data Dashboard is for wholesale clients only and not for distribution to retail clients. The next page provides an overview of changes in key market rates and prices over the week and the month. Focus is given to fixed income markets, but there is also some currency, commodity, and equity market data. The dashboard provides start and end values for each period as well as "sparkline" charts which provide an indication of the path of changes over the period.

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BlackRock Australia Fixed Income

Market Data Dashboard

			Week							Month						
			5-Apr	12-Apr	Move	%	Min	Max	Range	13-Mar	12-Apr	Move	%	Min	Max	Range
Rates	Australia	RBA Cash	4.35	4.35	0.00		4.35	4.35	0.00	4.35	4.35	0.00		4.35	4.35	0.00
		12m Implied Cash	3.93	4.00	0.06		3.92	4.07	0.15	3.81	4.00	0.18		3.75	4.07	0.32
		30 day BBSW	4.31	4.30	(0.01)		4.29	4.31	0.01	4.30	4.30	0.00		4.29	4.31	0.01
		90 day BBSW	4.36	4.34	(0.02)		4.34	4.36	0.02	4.35	4.34	(0.01)		4.34	4.36	0.02
		2Y Govt Bond	3.74	3.90	0.16		3.74	3.90	0.16	3.77	3.90	0.13		3.70	3.90	0.20
		10Y Govt Bond	4.10	4.27	0.17		4.10	4.27	0.17	4.02	4.27	0.25		3.96	4.27	0.30
		3-10 Fut. Curve	45.5	44.5	-1.0		44.5	48.0	3.5	38.2	44.5	6.3		38.2	48.0	9.8
		Nov-2027 Real Yield	1.16	1.32	0.16		1.16	1.32	0.16	1.17	1.32	0.15		1.12	1.32	0.19
	US	Fed Funds Target	5.50	5.50	0.00		5.50	5.50	0.00	5.50	5.50	0.00		5.50	5.50	0.00
		2Y Treasury	4.75	4.90	0.15		4.74	4.97	0.23	4.63	4.90	0.26		4.57	4.97	0.40
		10Y Treasury	4.40	4.52	0.12		4.36	4.59	0.22	4.19	4.52	0.33		4.19	4.59	0.40
		2-10 Curve	(35)	(38)	(3)		(43)	(35)	8	(44)	(38)	7		(44)	(33)	12
		10Y Real Yield	2.03	2.12	0.10		1.99	2.18	0.19	1.88	2.12	0.24		1.85	2.18	0.34
	Aus/US	2Y Spread	(101)	(100)	1		(100)	(96)	4	(87)	(100)	(13)		(86)	(107)	(21)
		10Y Spread	(30)	(26)	5		(26)	(19)	7	(17)	(26)	(8)		(23)	(32)	(9)
	UK	BoE Bank Rate	5.25	5.25	0.00		5.25	5.25	0.00	5.25	5.25	0.00		5.25	5.25	0.00
	Euro	ECB Refi Rate	4.50	4.50	0.00		4.50	4.50	0.00	4.50	4.50	0.00		4.50	4.50	0.00
Credit	Australia	Aus iTraxx	66	66	0		64	66	2	60	66	6		60	66	6
		AA 5Y vs Bond	99	98	(0)		97	99	(2)	103	98	(4)		91	117	(26)
		BBB 5Y vs Bond	164	165	2		164	167	(4)	169	165	(3)		157	181	(23)
	US	CDX Inv. Grade	53	55	2		51	55	4	48	55	6		48	55	6
		CDX High Yield	339	356	16		334	356	22	322	356	34		313	372	60
	Euro	Euro iTraxx	55	59	4		54	59	5	51	59	8		51	59	8
Currencies	AUD/USD		0.658	0.647	-0.011	-1.7%	0.647	0.663	0.016	0.662	0.647	-0.015	-2.3%	0.647	0.663	0.016
	EUR/USD		1.084	1.064	-0.019	-1.8%	1.064	1.086	0.022	1.095	1.064	-0.031	-2.8%	1.064	1.095	0.031
	GBP/USD		1.264	1.245	-0.019	-1.5%	1.245	1.268	0.023	1.280	1.245	-0.035	-2.7%	1.245	1.280	0.035
	USD/JPY		151.6	153.2	1.6	1.1%	151.6	153.3	1.7	147.8	153.2	5.5	3.7%	147.8	153.3	5.5
	AUD/JPY		99.7	99.1	-0.7	-0.7%	99.1	100.6	1.6	97.8	99.1	1.2	1.2%	97.6	100.6	3.0
Comds	Oil	WTI Crude	86.9	85.7	-1.3	-1.4%	85.0	86.9	1.9	79.7	85.7	5.9	7.5%	79.7	86.9	7.2
	Gold	US\$	2,330	2,344	15	0.6%	2,330	2,373	43	2,174	2,344	170	7.8%	2,156	2,373	217
	Iron Ore	US\$	97.45	111.20	14	14.1%	97.45	111.20	13.8	106.5	111.2	4.8	4.5%	97.5	111.2	13.8
	All	CRB Index	543.8	548.1	4	0.8%	543.8	549.6	5.8	530.2	548.1	17.9	3.4%	530.2	549.6	19.4
Equities	Australia	ASX200 Price Index	7,773	7,788	15	0.2%	7,773	7,848	75	7,729	7,788	59	0.8%	7,670	7,897	227
	US	S&P500 Price Index	5,204	5,123	(81)	-1.6%	5,123	5,210	87	5,165	5,123	(42)	-0.8%	5,117	5,254	137
	Japan	Nikkei 225 Price Index	38,992	39,524	531	1.4%	38,992	39,773	781	38,696	39,524	828	2.1%	38,696	40,888	2,192
	UK	FTSE 100 Price Index	7,911	7,996	84	1.1%	7,911	7,996	84	7,772	7,996	223	2.9%	7,723	7,996	273

Source: Bloomberg

Australia Fixed Income