

Interest Rates (%)			FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.6565	-0.6%	WTI Crude Oil	71.72	-\$0.29
90-day Bill	4.42	-1	AUD/JPY	101.51	0.8%	Brent Crude Oil	74.92	-\$0.61
3-year Bond	4.12	1	AUD/EUR	0.6122	0.7%	Mogas95*	84.49	-\$0.57
10-year Bond	4.64	5	AUD/GBP	0.5096	0.2%	CRB Index	281.44	-2.21
			AUD/NZD	1.1067	0.2%	Gold	2662.57	-\$76.81
			AUD/CNY	4.7282	0.3%	Silver	31.18	-\$1.30
US			EUR/USD	1.0725	-1.3%	Iron Ore (62% Fe)**	103.45	-\$2.15
2-year	4.27	4	USD/JPY	154.62	1.4%	Iron Ore (24-25 Average)	101.21	\$0.00
10-year	4.43	10	USD/CNY	7.1753	1.0%	Copper	9343.00	-\$395.50
			RBA Policy			Equities		
			O/N Cash Rate Target	4.35		ASX200	8155	-46
			Interbank O/N Cash Rate	4.34		Dow Jones	43730	1508
Other 10-year			Probability of a 25bps Cut in Nov	0.0%		S&P500	5929	146
Japan	1.00	6	RBA Bond Holdings (31 Oct)	A\$311.7b		Stoxx600	507	-3
Germany	2.41	-2				CSI300	4024	-20
UK	4.56	3						

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

**Iron ore is the second SGX futures contract.

Wall Street saw the best post-election trading session in history, as Republican nominee Donald Trump secured victory in the presidential election, and the Republican party won both chambers of the US Congress.

The Dow Jones surged 3.6%, while the S&P 500 rose 2.5% and the Nasdaq saw a 2.7% gain. The increases in the Dow Jones and S&P 500 were the strongest in two years. The biggest increases were registered for financials, but there were also solid gains in industrials, consumer discretionary and energy. However, real estate, consumer staples and utilities saw sharp falls.

US Treasury yields bounced on concerns that policies proposed by the President-elect would imply a significant increase in the already large US debt. The increase was particularly sharp for long-term yields, with 10-year yields bouncing by 10bps to a new four-month high. According to the central estimate by the US Committee for Responsible Federal Budget, the proposed policies could cost US\$7.8 trillion until 2035, which would come on top of US\$35 trillion debt as of September 2024.

Concerns over the inflationary impact of the proposed tariffs and a wider budget deficit are pushing up inflation expectations, with 10-year break-even inflation surging to the highest levels since May. Fed funds rate expectations were scaled back a little but continue to point to a cut tonight and a nearly 70% probability of another one in December. Higher US interest rates and the rise in uncertainty was reflected in appreciation of the US dollar, which took the US dollar index to the highest level since mid-July.

The rally on Wall Street followed declines in Europe and most of the Asia-Pacific region.

The improvement in global market sentiment took the Australian dollar higher against all the major currencies except for the stronger greenback, with the AUD/USD falling to as low as US\$0.6513 before stabilising. Commonwealth bond yields also climbed with the 10-year yields rising to its highest levels in a year. The ASX 200 rose by 0.8% yesterday, with gains in all sectors except for minerals, real estate and energy, before opening lower this morning.

Oil prices edged down following strong increases in the previous days. Iron ore futures are down around 2% and copper futures dropped by 4.1% from yesterday morning. Gold has also slipped, while Bitcoin surged to a new record high.

Economic Data Review

No market-moving data.

Economic Data Preview

- **AU:** Goods Trade Balance (Sep) – Expected A\$5,274m, Previous A\$5,644m.
- **UK:** Bank of England Decision (Bank Rate) – Expected 4.75%, Previous 5.00%.
- **US:** FOMC Decision (IoER) – Expected 4.65%, Previous 4.90%.
- **US:** Initial Jobless Claims (w/e 2 Nov) – Expected 222k, Previous 216k.