

Interest Rates (%)			FX		Commodities US\$			
Australia		Δ bp	AUD/USD	0.6399	0.9%	WTI Crude Oil	72.69	\$0.51
90-day Bill	4.14	0	AUD/JPY	95.87	0.0%	Brent Crude Oil	76.48	\$0.44
3-year Bond	3.95	2	AUD/EUR	0.6098	0.2%	Mogas95*	87.94	\$0.33
10-year Bond	4.54	2	AUD/GBP	0.5054	0.3%	CRB Index	316.58	-0.05
			AUD/NZD	1.1108	-0.1%	Gold	2938.44	-\$1.10
			AUD/CNY	4.6373	0.4%	Silver	32.90	\$0.17
US			EUR/USD	1.0494	0.7%	Iron Ore (62% Fe)**	108.65	\$1.65
2-year	4.27	0	USD/JPY	149.81	-0.9%	Iron Ore (24-25 Average)	101.98	\$0.06
10-year	4.51	-2	USD/CNY	7.2429	-0.5%	Copper	9563.50	\$97.00
			RBA Policy		Equities			
			O/N Cash Rate Target	4.10		ASX200	8333	0
			Interbank O/N Cash Rate	4.09		Dow Jones	44177	-451
Other 10-year			Probability of a 25bps Cut in Apr	14.5%		S&P500	6118	-27
Japan	1.45	1	RBA Bond Holdings (31 Jan)	A\$297.6b		Stoxx600	551	-1
Germany	2.53	-2				CSI300	3929	-11
UK	4.61	0						

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

**Iron ore is the second SGX futures contract.

US stocks closed lower overnight, as market sentiment was dented by a forecast downgrade for major retailer, Walmart, which was seen as another piece of evidence that US consumer demand might be weakening. US Treasury yields declined at the back end of the curve, while the US dollar depreciated, the latter partly because US President Donald Trump said that a new trade deal with China was 'possible' despite the recent tariffs.

The ASX 200 fell by 1.1% yesterday, with strong declines in real estate, financials, and healthcare, partly offset by solid gains in communication services, energy, and industrials, but opened in the black this morning. The Australian dollar appreciated against all the major currencies, except for the stronger Japanese yen. Commonwealth bond yields picked up a little, while market pricing for further cuts was scaled back slightly following another bumper labour force report.

Aussie **employment** saw another solid increase of 44.0k in January, which again exceeded the market expectations of a 20.0k gain, while the annual growth rate accelerated to 3.5%, unseen since May 2023. The unemployment rate ticked up to 4.1%, as expected, partly due to an unusually large number of people waiting to start working.

The Judo Bank Aussie composite PMI rose by 0.1pts to 51.2 in February (above 50 = expansion), with somewhat faster growth in manufacturing and services. The report also pointed to a further rise in employment, the highest cost price inflation since September 2023, and selling price inflation close to the series average (since 2016).

RBA Deputy Governor Andrew Hauser, in an interview with Bloomberg yesterday, said RBA modelling suggested that keeping the cash rate steady this year would have seen trimmed mean inflation slightly undershoot the mid-point of the 2-3% target range. However, he added that the RBA still has 'some work to do' on disinflation.

Top RBA officials are testifying before a House of Representatives committee at the time of writing, reiterating that the RBA is cautious about further cash rate cuts. They also said that the impact of escalating trade tensions on Australian GDP would be relatively small, not exceeding 0.2ppts point decline in GDP over the next 12 months depending on Chinese response to US tariffs. At the same time, they stressed that the impacts on inflation are hard to estimate.

Offshore, US initial jobless claims ticked up, but remained low at 219k last week. while continued claims also edged up.

Japanese CPI inflation rose to 4.0% in January, the highest level in two years. The so-called 'core-core' inflation rate, which excludes fresh food and energy, ticked up to 2.5%, the highest since May 2023. The figures align with expectations. The USD/JPY surpassed the ¥150 mark this morning for the first time since early December.

Economic Data Review

- **AU:** Employment (monthly change, Jan) – Actual 44.0k, Expected 20.0k, Previous 56.3k.
- **AU:** Unemployment Rate (Jan) – Actual 4.1%, Expected 4.1%, Previous 4.0%.
- **AU:** Judo Bank Composite PMI (Feb, flash) – Actual 51.2, Previous 51.1.
- **JP:** CPI (YoY, Jan) – Actual 4.0%, Expected 4.0%, Previous 3.5%.
- **US:** Initial Jobless Claims (w/e 15 Feb) – Actual 219k, Expected 215k, Previous 214k (revised).

Economic Data Preview

- **JP:** Jibun Bank Composite PMI (Feb, flash) – Previous 51.1.
- **US:** S&P Global Composite PMI (Feb, flash) – Expected 53.2, Previous 52.7.