

Interest Rates (%)			FX			Commodities US\$		
<b>Australia</b>		<b>Δ bp</b>	AUD/USD	0.6366	-0.1%	WTI Crude Oil	71.12	\$1.20
90-day Bill	4.46	0	AUD/JPY	97.77	0.4%	Brent Crude Oil	74.41	\$1.00
3-year Bond	3.87	2	AUD/EUR	0.6060	-0.4%	Mogas95*	86.05	\$0.34
10-year Bond	4.32	2	AUD/GBP	0.5043	0.4%	CRB Index	293.96	0.69
			AUD/NZD	1.1033	0.0%	Gold	2649.32	-\$30.98
			AUD/CNY	4.6242	-0.2%	Silver	30.60	-\$0.31
<b>US</b>			EUR/USD	1.0504	0.3%	Iron Ore (62% Fe)**	104.50	-\$0.10
2-year	4.24	6	USD/JPY	153.60	0.5%	Iron Ore (24-25 Average)	101.56	\$0.02
10-year	4.40	8	USD/CNY	7.2736	0.1%	Copper	9052.50	-\$39.00
			<b>RBA Policy</b>			<b>Equities</b>		
			O/N Cash Rate Target	4.35		ASX200	8270	-8
			Interbank O/N Cash Rate	4.34		Dow Jones	43828	-86
<b>Other 10-year</b>			Probability of a 25bps Cut in Feb	5.6%		S&P500	6051	0
Japan	1.04	0	RBA Bond Holdings (29 Nov)	A\$298.3b		Stoxx600	516	-3
Germany	2.26	5				CSI300	3933	-95
UK	4.41	5						

\*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 mixed on Friday, while Treasury yields picked up, with investors speculating that a fed funds rate cut on Wednesday might be accompanied by an upward revision to interest rate projections. The Dow Jones closed 0.1% lower, while the S&P was near flat, and Nasdaq surged by 0.8% to reach a fresh record high.

The Australian dollar depreciated against the US dollar and euro, but was up versus the Japanese yen and British pound. Commonwealth bond yields were little changed over the weekend. The ASX 200 declined by 0.4% on Friday, with energy and financials being the only sectors that managed to close in black.

Oil prices picked up by 1.5-2.0% amid speculations about tighter sanctions on Russia and Iran. Iron ore futures ebbed by 0.1%, as the Chinese stimulus announcement was again underwhelming and focused on consumer spending. The gold price fell by 1.1%, despite no shortage of geopolitical events over the weekend with Israeli attacks on the Syrian military facilities continuing and South Korean President Yoon Suk Yeol impeached on Saturday.

The only global statistical release of note was UK monthly GDP, which unexpectedly ebbed by 0.1% in October, dragged down by a fall in industrial production and construction, while the activity in services was flat. This downside surprise put some pressure on the British pound, but had no impacts on Bank of England bank rate expectations.

In Australia, the Judo Bank composite PMI slipped back into marginal contraction in December. The Judo Bank report also suggested the first fall in employment since August 2021 as well as faster growth in input and selling prices.

RBA Assistant Governor Sarah Hunter spoke on Friday morning, expressing hopes that, if the Trump administration imposed the tariffs as marked during the election campaign, the Chinese authorities would roll out more decisive policy stimulus measures, which would in turn be supportive for the Australian economy.

It will be a very quiet week at home, with the only data of note being Westpac consumer sentiment for December tomorrow and private sector credit for November on Friday. The Commonwealth Treasury will release its 2024-25 mid-year economic and fiscal outlook on Wednesday.

The most important event offshore will be the FOMC meeting on Wednesday, with a 25bps cut almost fully priced in. Significant data releases include the flash PMIs, US and Chinese monthly activity data and US PCE inflation targeted by the Fed. The Bank of England and Bank of Japan will also announce their interest rate decisions this week.

## Economic Data Review

- **AU:** Judo Bank Composite PMI (Dec, flash) – Actual 49.9, Previous 50.2.
- **UK:** Monthly GDP (MoM, Oct) – Actual -0.1%, Expected 0.1%, Previous -0.1%.

## Economic Data Preview

- **JP:** Jibun Bank Composite PMI (Dec, flash) – Previous 50.1.
- **CH:** Retail Sales (YoY, Nov) – Expected 5.0%, Previous 4.8%.
- **CH:** Industrial Production (YoY, Nov) – Expected 5.5%, Previous 5.3%.
- **CH:** Urban Fixed Asset Investment (YoY YtD, Nov) – Expected 3.5%, Previous 3.4%.
- **EZ:** HCOB Composite PMI (Dec, flash) – Expected 47.5, Previous 48.3.
- **US:** S&P Global Composite PMI (Dec, flash) – Expected 55.1, Previous 54.9.