

| Interest Rates (%)   |      |             | FX                                |           |       | Commodities US\$         |         |          |
|----------------------|------|-------------|-----------------------------------|-----------|-------|--------------------------|---------|----------|
| <b>Australia</b>     |      | <b>Δ bp</b> | AUD/USD                           | 0.6656    | -0.8% | WTI Crude Oil            | 70.51   | \$1.17   |
| 90-day Bill          | 4.39 | 1           | AUD/JPY                           | 100.30    | 0.1%  | Brent Crude Oil          | 74.29   | \$1.13   |
| 3-year Bond          | 3.87 | 2           | AUD/EUR                           | 0.6154    | -0.3% | Mogas95*                 | 83.79   | \$1.03   |
| 10-year Bond         | 4.36 | 5           | AUD/GBP                           | 0.5127    | -0.3% | CRB Index                | 281.07  | 1.52     |
|                      |      |             | AUD/NZD                           | 1.1049    | 0.0%  | Gold                     | 2721.82 | -\$2.20  |
|                      |      |             | AUD/CNY                           | 4.7383    | -0.5% | Silver                   | 33.85   | \$0.13   |
| <b>US</b>            |      |             | EUR/USD                           | 1.0815    | -0.5% | Iron Ore (62% Fe)**      | 100.50  | -\$1.65  |
| 2-year               | 4.03 | 7           | USD/JPY                           | 150.71    | 0.9%  | Iron Ore (24-25 Average) | 100.99  | \$0.00   |
| 10-year              | 4.20 | 10          | USD/CNY                           | 7.1209    | 0.3%  | Copper                   | 9559.00 | -\$66.50 |
|                      |      |             | <b>RBA Policy</b>                 |           |       | <b>Equities</b>          |         |          |
|                      |      |             | O/N Cash Rate Target              | 4.35      |       | ASX200                   | 8268    | -57      |
|                      |      |             | Interbank O/N Cash Rate           | 4.34      |       | Dow Jones                | 42932   | -344     |
| <b>Other 10-year</b> |      |             | Probability of a 25bps Cut in Nov | 7.2%      |       | S&P500                   | 5854    | -11      |
| Japan                | 0.96 | 0           | RBA Bond Holdings (30 Sep)        | A\$311.7b |       | Stox600                  | 522     | -3       |
| Germany              | 2.28 | 10          |                                   |           |       | CSI300                   | 3935    | 10       |
| UK                   | 4.14 | 8           |                                   |           |       |                          |         |          |

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

\*\*Iron ore is the second SGX futures contract.

The rally in US stocks came to a halt last night, following the winning streak over the past few weeks. The Dow Jones retreated by 0.8%, the S&P 500 lost 0.2%, but the tech-heavy Nasdaq managed to gain 0.2% in a choppy session. Information technology was the only sector that saw increases last night, with the heaviest falls registered for real estate. This followed losses in Europe and mixed results in the Asia-Pacific region.

US Treasury yields saw quite considerable increases, while the US dollar appreciated in reaction to less dovish Fed speak. There were also solid rises in yields for German bunds and UK gilts, while Japanese government bond yields were little changed. The Japanese yen depreciated by 0.9% since yesterday morning, amid uncertainty ahead of the general election on 27 October.

The Australian dollar depreciated against all the major currencies except for the Japanese yen. Commonwealth bond yields drifted a little lower yesterday, but opened higher this morning. The ASX 200 closed 0.9% higher yesterday, to be just 0.1% off the record high, with information technology being the only sector that saw a decline. However, the Australian stock market followed Wall Street lower this morning, with the ASX 200 dropping 1.0% at the open.

In commodity markets, oil prices picked up by 1.5-2.0%, after declining for most of the past two weeks. Iron ore futures declined by 1.6% despite easing monetary conditions in China. The gold price retreated from its record high.

Speaking last night, Kansas City Fed President Jeffrey Schmid said he supports a slowdown in the pace of monetary policy normalisation and avoiding 'outsized moves', to support price stability and 'avoid contributing to financial market volatility'. He added that he is uncertain about where the fed funds rate will end during the current easing phase. President Schmid will be a voting member on the FOMC next year. His Minneapolis counterpart Neel Kashkari, who is a voter this year, also speaking overnight, echoed these comments, supporting a slower pace of rate cuts looking forward.

China saw a reduction of its benchmark one-year loan prime rate by 25bps to 3.10%, against the market expectations for smaller cut to 3.15%. The five-year loan prime rate, which is more relevant to the cost of new mortgages, was also reduced by 25bps to 3.60%.

In Australia, speaking at a CBA conference yesterday, RBA Deputy Governor Andrew Hauser reiterated that it was a 'deliberate choice' for the RBA not to increase the cash rate as much as in other advanced economies, to preserve employment gains. He judged that the RBA has not started its monetary policy easing cycle because inflation remains 'too high' at the moment.

The ANZ Roy Morgan consumer confidence index saw a broad-based surge of 4.9% last week, to reach 87.5, which is the highest since January 2023 but still very low. Consumer inflation expectations declined to 4.5%, the lowest since late 2021.

## Economic Data Review

- **AU:** ANZ Roy Morgan Consumer Confidence (w/e 19 Oct) – Actual 4.9%, Previous -0.1%.

## Economic Data Preview

No market-moving data.