

Interest Rates (%)			FX			Commodities US\$		
<b>Australia</b>		<b>Δ bp</b>	AUD/USD	0.6717	-0.3%	WTI Crude Oil	73.44	-\$0.47
90-day Bill	4.42	0	AUD/JPY	100.20	0.5%	Brent Crude Oil	76.58	-\$0.94
3-year Bond	3.78	7	AUD/EUR	0.6140	0.0%	Mogas95*	85.87	-\$0.90
10-year Bond	4.23	5	AUD/GBP	0.5141	0.0%	CRB Index	286.14	-1.14
			AUD/NZD	1.1067	0.8%	Gold	2609.02	-\$13.30
			AUD/CNY	4.7527	-0.2%	Silver	30.48	-\$0.13
<b>US</b>			EUR/USD	1.0942	-0.3%	Iron Ore (62% Fe)**	105.55	\$1.15
2-year	4.02	6	USD/JPY	149.17	0.7%	Iron Ore (24-25 Average)	100.74	\$0.10
10-year	4.07	6	USD/CNY	7.0808	0.2%	Copper	9675.00	-\$67.50
			RBA Policy			Equities		
			O/N Cash Rate Target	4.35		ASX200	8225	13
			Interbank O/N Cash Rate	4.34		Dow Jones	42512	432
<b>Other 10-year</b>			Probability of a 25bps Cut in Nov	9.6%		S&P500	5792	41
Japan	0.94	1	RBA Bond Holdings (30 Sep)	A\$311.7b		Stoxx600	520	3
Germany	2.26	1				CSI300	3956	-300
UK	4.18	0						

\*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 further gains yesterday, which took the S&P 500 and Dow Jones to fresh record highs. US Treasury yields climbed ahead of the release of the FOMC minutes and held those gains as the minutes revealed that a 50bps cut was not the only option seriously considered at the September meeting, while FedSpeak has turned less dovish. Market attention now turns to US CPI figures scheduled for a release tonight.

The Australian dollar depreciated against the stronger greenback, but strengthened against the Japanese yen and was steady versus the euro and British pound. Commonwealth bond yields opened higher this morning, to reach fresh two-month highs. The ASX 200 ticked up to 0.1% yesterday, with gains in all sectors except for real estate, materials and energy.

In commodity markets, oil prices continued to decline, but iron ore futures picked up by 1.2% on news that the Chinese Finance Ministry is set to hold a briefing on Saturday, raising hopes for further fiscal stimulus.

FOMC minutes showed that, while all but one Committee member voted for a 50bps cut at the September meeting, 'some participants' stressed that their preference would be for a smaller 25bps adjustment, with 'a few other' participants acknowledging they would support such a decision. Those participants were of an opinion that a more cautious move would buy the Committee time to assess the degree of policy restriction and signal 'a more predictable' path of monetary policy normalisation.

The final decision to deliver an outsized 50bps cut was judged to be more in line with inflation and labour market data before the meeting. It was also meant to signal a new balance of risks, with more downside risks to the labour market. The meeting preceded the solid September payrolls report last Friday.

Speaking overnight, Dallas Fed President Lorie Logan said that she supported 'a more gradual path' of monetary policy normalisation looking forward. Her San Francisco counterpart Mary Daly was more specific, advocating for one or two 25bps cuts in the remainder of this year. Fed funds futures are pricing in a total of 45bps cuts for the rest of 2024.

Closer to home, the RBNZ cut its official cash rate by 50bps to 4.75%, as expected. Markets expect another 50bps cut in November and the cash rate to sit at 3.00% in around a year.

From the Australian data, the number of dwelling commencements declined 1.1% in Q2 to remain depressed at 40k, with a 1.7% rise in private sector house commencements and a 7.4% drop in other residential commencements. The number of dwellings completed increased 7.3% but remained low at around 45k.

### Economic Data Review

- **AU:** Dwelling Commencements (QoQ, Q2) – Actual -1.1%, Previous 2.7%.

### Economic Data Preview

- **AU:** Melbourne Institute Inflation Expectations (Oct) – Previous 4.4%.
- **US:** CPI (MoM, Sep) – Expected 0.1%, Previous 0.2%.
- **US:** Initial Jobless Claims (w/e 5 Oct) – Expected 230k, Previous 225k.