

Interest Rates (%)			FX		Commodities US\$			
Australia	Δ bp		AUD/USD	0.6370	-0.6%	WTI Crude Oil	69.92	-\$0.43
90-day Bill	4.46	1	AUD/JPY	97.36	-0.3%	Brent Crude Oil	73.41	-\$0.11
3-year Bond	3.85	6	AUD/EUR	0.6082	-0.3%	Mogas95*	85.71	\$0.01
10-year Bond	4.30	5	AUD/GBP	0.5025	0.1%	CRB Index	293.27	-0.41
			AUD/NZD	1.1038	-0.1%	Gold	2680.30	-\$41.22
			AUD/CNY	4.6315	0.2%	Silver	30.91	-\$1.08
US			EUR/USD	1.0475	-0.3%	Iron Ore (62% Fe)**	104.60	-\$0.65
2-year	4.18	3	USD/JPY	152.85	0.4%	Iron Ore (24-25 Average)	101.54	\$0.03
10-year	4.32	5	USD/CNY	7.2691	0.1%	Copper	9091.50	-\$100.50
			RBA Policy		Equities			
			O/N Cash Rate Target	4.35		ASX200	8277	-76
			Interbank O/N Cash Rate	4.34		Dow Jones	43914	-234
Other 10-year			Probability of a 25bps Cut in Feb	11.2%		S&P500	6051	-33
Japan	1.04	-4	RBA Bond Holdings (29 Nov)	A\$298.3b		Stoxx600	519	-1
Germany	2.21	8				CSI300	4029	40
UK	4.36	4						

*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 more broad-based declines last night, with all but one sector closing in red, as initial jobless claims jumped and US producer price inflation came in a little higher than expected. US Treasury yields picked up across the yield curve, while the US dollar appreciated.

The Australian dollar depreciated against all the major currencies except for the British pound, despite the temporary boost received from the stronger-than-expected labour market report. Commonwealth bond yields also jumped yesterday, as rate cut expectations were shifted back to May. The decline in the expectations for a cash rate cut in February 2025 saw the ASX 200 decline by another 0.3% yesterday.

Data-wise, the US PPI rose 0.4% in November, slightly more than the 0.2% expected and faster than the upwardly revised 0.3% increase in the previous month. The annual rate of producer price inflation picked up 0.4ppts to 3.0%, which is the highest level since February 2023. However, core PPI inflation, which excludes food, energy and trade, was unchanged at 3.5% in November.

US initial jobless claims rose to 242k last week, which is the highest level since July, while continued claims rose further in the week ending 30 November, to approach 1.9 million.

From central bank news, the European Central Bank reduced its policy rates by 25bps yesterday, taking the deposit rate to 3.00%, and repeated that they will continue to normalise their monetary policy. During the press conference, ECB President Christine Lagarde quoted the internal estimates of the euro area neutral interest rate, which is thought to be between 1.75-2.50%. Current financial market pricing is for the ECB deposit rate to fall to 1.75% by October 2025.

The Swiss National Bank cut its policy rate by 50bps to just 0.50% yesterday, and market pricing is for the policy rate to turn marginally negative in Q3 2025. Switzerland has been one of the exceptions avoiding excessive inflation, with consumer price growth peaking at just below 3.5% in 2022 and currently sitting at only 0.7%.

In Australia, as marked [yesterday](#), seasonally adjusted [employment](#) rose by 35.6k in November, more than the 25.0k expected by the market participants, but in line with trend growth of 35.5k. The unemployment rate unexpectedly declined 0.2ppts to 3.9%, while the consensus was for a 0.1ppts uptick to 4.2%. Other measures of labour market underutilisation also declined, with the underemployment rate reaching 6.1%, the lowest level since April 2023.

From other Aussie data, population growth slowed to 2.1% YoY in Q2 2024, which is still very close to the 2.5% YoY from Q3 2023. The Commonwealth Bank household spending intentions index picked up by 1.3% in November, supported by the Black Friday sales that boosted demand for household goods and hospitality services.

Economic Data Review

- **US:** PPI (MoM, Nov) – Actual 0.4%, Expected 0.2%, Previous 0.3% (revised).
- **US:** Initial Jobless Claims (w/e 7 Dec) – Actual 242k, Expected 220k, Previous 225k (revised).

Economic Data Preview

- **AU:** Public Appearance by RBA Assistant Governor Sarah Hunter.
- **AU:** Commonwealth MYEFO 2024-25.
- **UK:** Monthly GDP (MoM, Oct) – Expected 0.1%, Previous -0.1%.