# Market Daily Update

14 NOVEMBER 2024

| Interest Rates (%) | | | FX | | | Commodities US$ | | |
|---|---|---|---|---|---|---|---|---|
| **Australia** | | **Δ bp** | AUD/USD | 0.6494 | -0.4% | WTI Crude Oil | 68.19 | $0.13 |
| 90-day Bill | 4.43 | 1 | AUD/JPY | 101.06 | 0.1% | Brent Crude Oil | 72.28 | $0.39 |
| 3-year Bond | 4.22 | 3 | AUD/EUR | 0.6145 | 0.0% | Mogas95* | 82.16 | $0.30 |
| 10-year Bond | 4.70 | 5 | AUD/GBP | 0.5110 | -0.2% | CRB Index | 280.28 | 0.89 |
| | | | AUD/NZD | 1.1040 | 0.2% | Gold | 2572.04 | -$27.61 |
| | | | AUD/CNY | 4.6938 | -0.7% | Silver | 30.35 | -$0.37 |
| **US** | | | EUR/USD | 1.0568 | -0.4% | Iron Ore (62% Fe)** | 100.45 | $0.30 |
| 2-year | 4.30 | -4 | USD/JPY | 155.63 | 0.6% | Iron Ore (24-25 Average) | 101.22 | -$0.01 |
| 10-year | 4.47 | 5 | USD/CNY | 7.2340 | 0.0% | Copper | 9047.00 | -$95.00 |
| | | | **RBA Policy** | | | **Equities** | | |
| | | | O/N Cash Rate Target | | 4.35 | ASX200 | 8234 | 88 |
| **Other 10-year** | | | Interbank O/N Cash Rate | | 4.34 | Dow Jones | 43958 | 47 |
| Japan | 1.06 | 3 | Probability of a 25bps Cut in Dec | | 8.9% | S&P500 | 5985 | 1 |
| Germany | 2.39 | 3 | RBA Bond Holdings (31 Oct) | | A$311.7b | Stoxx600 | 502 | -1 |
| UK | 4.52 | 2 | | | | CSI300 | 4111 | 25 |

*Mogas95 is the Singapore benchmark petrol price closely linked to Australian domestic fuel prices.
**Iron ore is the second SGX futures contract.

US equities closed virtually flat overnight, as the US CPI figures came in line with expectations and FOMC officials generally assessed that inflation is heading towards the goal, allowing for further rate cuts. The post-election equity rally has faded, but continues in some markets, especially in cryptocurrencies, with Bitcoin surpassing US$90,000 overnight.

US Treasury yields declined at the front end of the yield curve, as fed fund rates cut expectations intensified a little after the release of the CPI figures, but there were further increases at the long end of the curve. 10-year yields have risen to fresh four-month highs. The US dollar index rose to yet another one-year high.

The Australian dollar continued to depreciate against the US dollar, taking the AUD/USD to the lowest level since August. Commonwealth bond yields picked up across the yield curve, to be the highest levels since late 2023. The ASX 200 dropped by 0.8% yesterday with declines in all industries except for utilities, before opening higher this morning.

US CPI rose by 0.2% in October, while the annual rate of consumer price inflation picked up by 0.2ppts to 2.6% in headline terms. However, annual core CPI inflation remained at 3.3%, while annual core services price inflation excluding housing − which is closely tracked by the Fed − rose 10bps to 4.4%.

Speaking last night, Minneapolis Fed President Neel Kashkari welcomed the CPI figures, assessing that inflation is heading 'in the right direction', though he also cautioned that more data is coming before the FOMC decision in December. His St Louis Fed counterpart Alberto Musalem went a step further saying that the US monetary policy is 'well positioned' to achieve both its inflation goal and maximum employment, and that the recent rate reductions have only 'lessened but did not eliminate policy restraint'. Dallas Fed President Lorie Logan called for 'proceeding cautiously' with monetary policy easing in the US, given the elevated uncertainties, while Kansas Fed President Jeff Schmid expressed doubts about the level of the terminal fed funds rate in this cycle.

From Australian data, the wage price index rose by 0.8% in Q3, while annual wages growth decelerated to 3.5%, which is the slowest since Q4 2022. Quarterly and annual wages growth were slightly slower than the 0.9% and 3.6% pencilled in by the market consensus, respectively. The slowdown in annual wages growth was helped by base effects, as the Fair Work Commission increased minimum and award wages by less than the previous year.

## Economic Data Review

- **AU:** Wage Price Index (QoQ, Q3) – Actual 0.8%, Expected 0.9%, Previous 0.8%.
- **US:** CPI (MoM, Oct) – Actual 0.2%, Expected 0.2%, Previous 0.2%.

## Economic Data Preview

- **AU:** Employment (monthly change, Oct) – Expected 25.0k, Previous 64.1k.
- **AU:** Unemployment Rate (Oct) – Expected 4.1%, Previous 4.1%.
- **AU:** Consumer Inflation Expectations (Oct) – Previous 4.0%.
- **US:** PPI (MoM, Oct) – Expected 0.2%, Previous 0.0%.
- **US:** Initial Jobless Claims (w/e 9 Nov) – Expected 220k, Previous 221k.