

Interest Rates (%)			FX			Commodities US\$		
Australia	Δ bp		AUD/USD	0.6672	1.6%	WTI Crude Oil	72.18	\$0.46
90-day Bill	4.42	0	AUD/JPY	102.12	0.6%	Brent Crude Oil	75.63	\$0.71
3-year Bond	4.07	-5	AUD/EUR	0.6181	1.0%	Mogas95*	85.54	\$1.05
10-year Bond	4.56	-8	AUD/GBP	0.5140	0.9%	CRB Index	286.20	4.76
			AUD/NZD	1.1082	0.1%	Gold	2708.06	\$45.49
			AUD/CNY	4.7653	0.8%	Silver	31.97	\$0.79
US			EUR/USD	1.0794	0.6%	Iron Ore (62% Fe)**	105.90	\$2.45
2-year	4.21	-6	USD/JPY	153.06	-1.0%	Iron Ore (24-25 Average)	101.28	\$0.07
10-year	4.34	-9	USD/CNY	7.1434	-0.4%	Copper	9664.00	\$321.00
			RBA Policy			Equities		
			O/N Cash Rate Target	4.35		ASX200	8307	152
			Interbank O/N Cash Rate	4.34		Dow Jones	43729	-1
Other 10-year			Probability of a 25bps Cut in Nov	0.0%		S&P500	5973	44
Japan	0.99	-1	RBA Bond Holdings (31 Oct)	A\$311.7b		Stoxx600	510	3
Germany	2.45	4				CSI300	4146	121
UK	4.50	-6						

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

**Iron ore is the second SGX futures contract.

US stocks were mixed last night, but US Treasury yields fell and the US dollar depreciated, in reaction to the fed funds rate cut and as some of the kneejerk post-US election rise was unwound. The S&P 500 and Nasdaq posted solid gains led by information technology and communication services, while the Dow Jones closed near flat, dragged down by sharp falls in financials.

The Australian dollar appreciated against all the major currencies, especially the weaker greenback, taking the AUD/USD back close to US\$0.67. Commonwealth bond yields followed their US equivalents lower, but 10-year yields remain close to one-year highs. The ASX 200 rose by 0.3% yesterday, with results mixed across the industries. Energy, industrials and materials all gained on China stimulus hopes, but the decline in the cash rate cut expectations triggered solid declines in real estate.

As expected, the FOMC has cut the fed funds rate corridor by 25bps to 4.50-4.75%. During the press conference, Fed Chair Jerome Powell said that he does not rule 'out or in' another 25bps cut in December, which is currently 70% priced in by the markets. He judged that the outcome of the US elections will not have an immediate impact on the Fed's monetary policy and reinforced that US economic conditions are strong, with risks to employment and inflation 'roughly in balance'. He also dismissed suggestions that he would resign if asked by President-elect Donald Trump.

Elsewhere, the Bank of England has cut its bank rate by 25bps to 4.75%, while the Swedish Riksbank delivered a 50bps cut, taking its policy rate to 2.75%. However, the Norges Bank has left its policy rate unchanged at 4.50%. All these decisions were in line with expectations. In other news from Europe, the German ruling coalition collapsed yesterday, after the finance minister did not agree to loosening the spending limit. However, this did not have a large impact on markets, with the German DAX surging by 1.7% yesterday.

On the other side of Eurasia, the Chinese trade surplus rose to a four-month high of US\$95.7b in October, against market expectations of a decline to US\$75.0b. Exports were up 11.2% YoY, while imports fell 3.7% YoY. Chinese steel exports continued to climb, while iron ore imports remained above 100 million tonnes.

The solid Chinese trade data, coupled with hopes for fiscal stimulus, translated into a 2.4% rise in iron ore futures prices. Oil prices picked up by almost 1%, while the gold price also bounced.

In Australia, [goods trade balance](#) declined to A\$4.6b in September, from the downwardly revised A\$5.3b in the previous month. The narrowing in the trade balance was driven by a 4.3% fall in exports, partly offset by a 3.1% decline in imports. The supplementary data suggested that the volumes of Aussie iron ore exports continued to climb in September.

Economic Data Review

- **AU:** Goods Trade Balance (Sep) – Actual A\$4,609m, Expected A\$5,274m, Previous A\$5,284m (revised).
- **CH:** Trade Balance (Oct) – Actual US\$95.7b, Expected US\$75.0b, Previous US\$81.7b.
- **US:** Initial Jobless Claims (w/e 2 Nov) – Actual 221k, Expected 222k, Previous 218k (revised).

Economic Data Preview

- **AU:** Business Turnover Indicator (MoM, Sep) – Previous -0.7%.
- **US:** University of Michigan Consumer Confidence (Nov, prelim.) – Expected 71.0, Previous 70.5.