

The Australian dollar was middle of the road among the G10 trading currencies in November and posted its second monthly loss in a row against the greenback.

Volatility in the AUD/USD exchange spiked early in the month, driven by the ongoing hawkish messaging from the RBA Board and Donald Trump and the Republican Party's victory in the US election. The Aussie dollar hit a 2½-week closing high of US\$0.6679 on 7 November, in part driven by a decline in the US dollar after the Federal Reserve cut interest rates. The Aussie slipped from its highs after the Chinese National People's Congress Standing Committee disappointed market expectations for a major stimulus announcement at its November meeting and the post-election rally in the US dollar resumed.

With tariff concerns weighing heavily on sentiment and the US dollar climbing, the Aussie dollar closed as low as US\$0.6454 on 14 November, its lowest close against the greenback since April 2024.

The AUD picked up from its lows and trade became less volatile as market sentiment improved and the Aussie settled into a comparatively narrow trading range over the second half of the month.






Model Expected Value	Present Rate	Expected Value Band
0.6725	0.6512	0.6625 – 0.6825

The Australian dollar traded between US\$0.6454 and US\$0.6679 on a close-of-day basis in November, and averaged US\$0.6532, before closing at US\$0.6512. The AUD has averaged US\$0.6667 over the first five months of 2024-25, after averaging USD0.6557 in 2023-24.

The spread between the Australian 2-year Treasury bond yield and the US 2-year Treasury bond yield widened to -20pts at the end of October, after starting the month at -12pts, as the fall in the two-year Aussie yield exceeded the decline of its US counterpart.

The RBA Board kept the cash rate target unchanged at 4.35% and the rate it pays on exchange settlement balances at 4.25% at its November meeting. The Board's communication continued to maintain that while the outlook is uncertain, inflation remains too high and returning inflation to target remains its highest priority. The RBA released its latest quarterly Statement on Monetary Policy, including its latest set of economic forecasts, lowering its GDP growth forecasts and revising its estimate of the unemployment rate that is consistent with full employment up 0.1pppts to 4.5%. It expects the unemployment rate to reach that level by the end of 2025. Despite the recent decline in headline inflation, due to the impact of government electricity rebates, the RBA does not expect inflation to sustainably fall to the middle of the target band until 2026. The futures market is not fully pricing in the first 25 basis point cash rate cut until May 2025, with just 59bps of cuts priced in for the year.

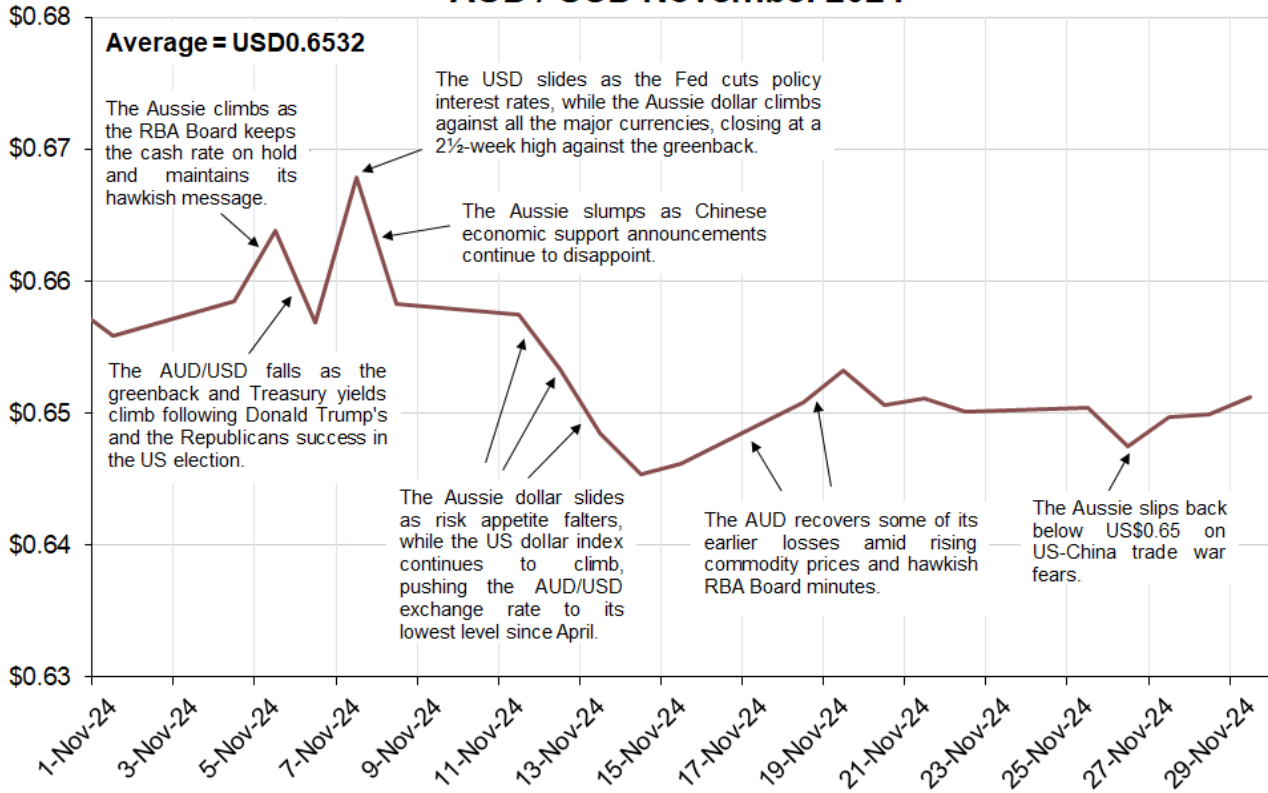
In the US, the Fed cut its fed funds rate corridor by a further 25bps to 4.50-4.75% at the November FOMC meeting. The futures market is currently pricing in around a 60% chance of a further 25bps reduction in December and a total of 75bps of cuts between now and the end of 2025. Further cuts are also across most of the other developed economy central banks, including the euro area, United Kingdom, Canada and New Zealand.

	Current	Monthly High	Monthly Low	Monthly	52wk High	52wk Low
AUD/USD 	0.6512	0.6679	0.6454	-1.1%	0.6913	0.6402
AUD/EUR 	0.6160	0.6240	0.6054	1.9%	0.6240	0.5932
AUD/GBP 	0.5114	0.5188	0.5077	0.2%	0.5364	0.5041
AUD/JPY 	97.51	102.16	97.51	-2.6%	109.10	93.67
AUD/CNY 	4.7256	4.7653	4.6727	1.0%	4.9219	4.6304

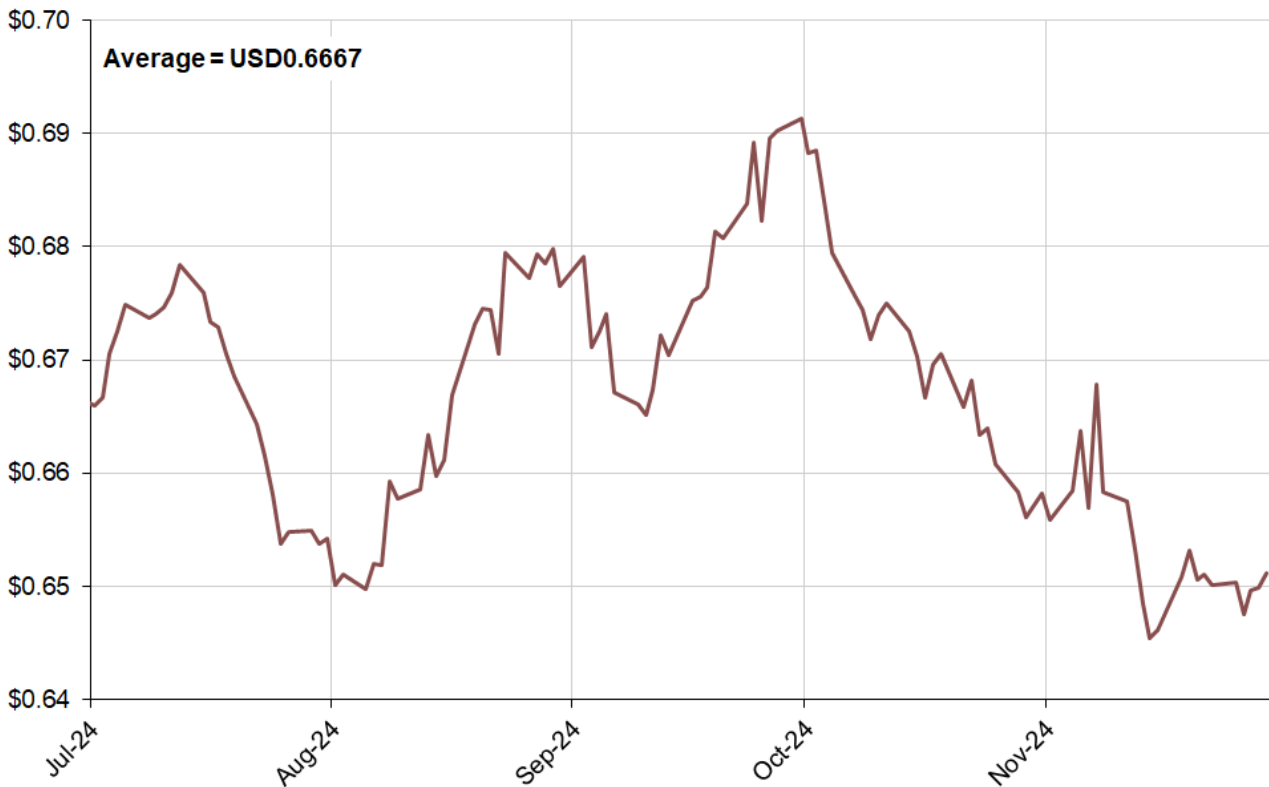
Commodity prices are mainly higher against the weaker Aussie dollar over the past month, with the RBA A\$ commodity price index climbing for the second month in a row in November. Iron ore futures have picked up on signs of an increase in Chinese steel output, while oil and gold prices slipped back toward the end of November as concerns over the Middle East conflict risk appeared to subside.

Commodity AUD	29-Nov-24	MoM (%)	YoY (%)
CRB Index	440.0	3.2%	6.2%
RBA Commodity Price Index	78.8	1.9%	-12.6%
Brent Crude	\$111.84	0.4%	-0.8%
Singapore Gasoil 10 ppm	\$135.11	1.8%	-16.5%
Gold	\$4,052.66	-3.0%	31.4%
Singapore Iron Ore Futures (62% Fe)	\$160.53	1.7%	-19.0%
Nickel	\$24,383.62	1.9%	-3.2%
Copper	\$13,815.55	-4.6%	7.8%
Aluminium	\$3,977.31	-0.2%	19.8%

AUD / USD November 2024



AUD / USD 2024-25



03 December 2024