

Interest Rates (%)			FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.6232	0.4%	WTI Crude Oil	69.17	-\$1.41
90-day Bill	4.45	-1	AUD/JPY	98.39	2.5%	Brent Crude Oil	72.88	-\$0.51
3-year Bond	3.98	9	AUD/EUR	0.6012	0.4%	Mogas95*	83.01	-\$0.97
10-year Bond	4.47	11	AUD/GBP	0.4988	1.1%	CRB Index	290.21	-1.80
			AUD/NZD	1.1083	0.3%	Gold	2593.55	\$3.42
			AUD/CNY	4.5617	-0.7%	Silver	29.00	-\$0.41
US			EUR/USD	1.0364	0.0%	Iron Ore (62% Fe)**	101.25	\$0.00
2-year	4.31	-3	USD/JPY	157.89	2.1%	Iron Ore (24-25 Average)	101.60	\$0.00
10-year	4.55	5	USD/CNY	7.2958	0.1%	Copper	8883.00	-\$145.50
			RBA Policy			Equities		
			O/N Cash Rate Target	4.35		ASX200	8079	-78
			Interbank O/N Cash Rate	4.34		Dow Jones	42342	15
Other 10-year			Probability of a 25bps Cut in Feb	11.2%		S&P500	5867	-5
Japan	1.06	-5	RBA Bond Holdings (29 Nov)	A\$298.3b		Stoxx600	507	-8
Germany	2.31	6				CSI300	3945	4
UK	4.58	2						

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

**Iron ore is the second SGX futures contract.

The negative sentiment sparked by the upward revision to FOMC fed funds rate projection path continued on Wall Street into Thursday. However, the scale of the losses in the S&P 500 and Nasdaq was much smaller than during the preceding trading session, while the Dow Jones managed to close flat. Year to date, the S&P 500 is 23.7% higher, which is comparable to the result for the previous year.

US Treasury yields continued to climb at the back end of the curve, but there were declines for shorter maturities, as fed funds rate cut expectations normalised after the strong downscaling on Wednesday night. Currently, around 150 basis point cuts are priced in for 2025, compared with around 120 basis points yesterday morning. US 10-year yields are 68 basis points up for the year, which is the strongest rise in a decade outside of 2022.

The US dollar has stabilised after sharp appreciation on the previous night. The DXY is up by 7.0% year to date which is also one of the strongest outcomes in a decade.

US initial jobless claims fell to 220k last week, while continued claims were steady in the week ending 7 December.

Across the Atlantic, the Bank of England, the Norges Bank and the Swedish Riksbank all announced their monetary policy decisions. However, as expected, the policy rate was cut only in Sweden, by 25bps to 4.50%.

On the other side of Eurasia, the Bank of Japan kept its policy rate unchanged at 0.25%, as expected, though a rate hike was considered and voted down at the meeting. The decision came just before the publication of the Japanese CPI figures for November, which showed an expected 0.4 percentage point rise in the annual rate of consumer price inflation to a three-month high of 2.9%. 'Core-core' inflation, which excludes fresh food and energy, ticked up to 3.4%.

In Australia, private sector credit rose by 0.5% in November, as expected, taking the annual rate to a 1.5-year high of 6.2%. Melbourne Institute one-year consumer inflation expectations picked up 0.4 percentage points to 4.2% in December, which is roughly in line with the pre-COVID average and significantly lower than the local 2022 peak of 6.7%.

The Australian dollar appreciated a little following the freefall yesterday morning, but the AUD/USD is still 8.5% down this year so far, the most since 2013. Commonwealth bond yields rose since this time yesterday, to be up by 52 basis points for the year. The ASX 200 lost 1.7% yesterday, which was the largest daily decline since early September. Despite the further 1.0% decline this morning, the ASX 200 remains 6.0% up year to date.

This is the last Daily Report for this year. The Economics Team wishes a happy festive season to all readers. The next edition of the Daily Report will be published on 2 January 2025.

Economic Data Review

- **AU:** Private Sector Credit (MoM, Nov) – Actual 0.5%, Expected 0.5%, Previous 0.6%.
- **AU:** Melbourne Institute Consumer Inflation Expectations (Dec) – Actual 4.2%, Previous 3.8%.
- **JP:** CPI (YoY, Nov) – Actual 2.9%, Expected 2.9%, Previous 2.3%.
- **US:** Initial Jobless Claims (w/e 14 Dec) – Actual 2.9%, Expected 230k, Previous 242k.

Economic Data Preview

- **US:** Personal Spending (MoM, Nov) – Expected 0.5%, Previous 0.4%.
- **US:** PCE Price Index (MoM, Nov) – Expected 0.2%, Previous 0.2%.
- **US:** University of Michigan Consumer Sentiment (Dec, prelim.) – Expected 74.2, Previous 74.0.