

Interest Rates (%)			FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.6371	0.1%	WTI Crude Oil	70.61	-\$0.51
90-day Bill	4.47	1	AUD/JPY	98.22	0.5%	Brent Crude Oil	73.91	-\$0.50
3-year Bond	3.83	-4	AUD/EUR	0.6057	0.0%	Mogas95*	85.09	-\$0.96
10-year Bond	4.30	-2	AUD/GBP	0.5019	-0.5%	CRB Index	293.22	-0.74
			AUD/NZD	1.1006	-0.2%	Gold	2651.52	\$2.20
			AUD/CNY	4.6432	0.4%	Silver	30.52	-\$0.09
US			EUR/USD	1.0517	0.1%	Iron Ore (62% Fe)**	104.95	\$0.45
2-year	4.24	0	USD/JPY	154.18	0.4%	Iron Ore (24-25 Average)	101.59	\$0.03
10-year	4.39	0	USD/CNY	7.2839	0.1%	Copper	9062.50	\$10.00
			RBA Policy			Equities		
			O/N Cash Rate Target	4.35		ASX200	8295	25
			Interbank O/N Cash Rate	4.34		Dow Jones	43717	-111
Other 10-year			Probability of a 25bps Cut in Feb	11.2%		S&P500	6074	23
Japan	1.08	4	RBA Bond Holdings (29 Nov)	A\$298.3b		Stoxx600	516	-1
Germany	2.25	-1				CSI300	3912	-21
UK	4.44	3						

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

**Iron ore is the second SGX futures contract.

US equities were again mixed last night, as investors remained anxious ahead of the FOMC decision tomorrow. The Dow Jones closed in red, but the S&P 500 and Nasdaq picked up further, supported by the rise in information technology and communication stocks.

The mixed results on Wall Street followed declines in Europe and most of the Asia-Pacific region. The declines were particularly strong in Hong Kong, where stocks were hit by the weak Chinese economic activity data. The ASX 200 closed 0.6% lower yesterday, but opened in black this morning, while the Australian dollar managed to appreciate against the weaker US dollar and Japanese yen.

US S&P Global composite PMI for December suggested the strongest expansion in nearly three years, supported by faster growth in services. At the same time, US manufacturing remained in contraction, with output falling at the strongest pace in over four years. The PMI report also pointed to a renewed rise in employment and the slowest rise in selling prices since June 2020.

UK and Japanese PMIs pointed to only slight expansion in December, while contraction in the euro area continued.

Chinese economic data for November came out mostly weak. Retail sales and urban fixed asset investment growth both slowed, while the rate of decline in property investment and residential property sales remained in double digits. The silver lining was steady industrial production growth, with steel output rising over the year to November.

In Australia, Westpac consumer sentiment fell by 2.0% in December, as consumers turned pessimistic about the economic outlook following the US election results. This followed significant improvement in the previous months, driven by the impacts of the 'Stage 3' tax cuts and government cost-of-living measures. Despite these gains, Westpac consumer sentiment remains 7.4% below the series average.

The Westpac report also pointed to a renewed rise in the unemployment expectations index, which suggest deteriorating perception of the labour market conditions. Inflation perception also remained high, translating into a rise in the interest rate expectations index and decline in the 'time to buy a dwelling' index, despite a fall in house price expectations.

Economic Data Review

- **AU:** Westpac Consumer Sentiment (MoM, Dec) – Actual -2.0%, Previous 5.3%.
- **JP:** Jibun Bank Composite PMI (Dec, flash) – Actual 50.8, Previous 50.1.
- **CH:** Retail Sales (YoY, Nov) – Actual 3.0%, Expected 5.0%, Previous 4.8%.
- **CH:** Industrial Production (YoY, Nov) – Actual 5.4%, Expected 5.5%, Previous 5.3%.
- **CH:** Urban Fixed Asset Investment (YoY YtD, Nov) – Actual 3.3%, Expected 3.5%, Previous 3.4%.
- **EZ:** HCOB Composite PMI (Dec, flash) – Actual 49.5, Expected 47.5, Previous 48.3.
- **UK:** S&P Global Composite PMI (Dec, flash) – Actual 50.5, Expected 50.6, Previous 50.5.
- **US:** S&P Global Composite PMI (Dec, flash) – Actual 56.6, Expected 55.1, Previous 54.9.

Economic Data Preview

- **US:** Retail Sales (MoM, Nov) – Expected 0.5%, Previous 0.4%.
- **US:** Industrial Production (MoM, Nov) – Expected 0.2%, Previous -0.3%.