

Interest Rates (%)			FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.6541	0.6%	WTI Crude Oil	69.55	\$0.60
90-day Bill	4.42	0	AUD/JPY	101.29	0.9%	Brent Crude Oil	73.31	\$0.01
3-year Bond	4.08	1	AUD/EUR	0.6166	0.5%	Mogas95*	84.72	\$0.30
10-year Bond	4.55	0	AUD/GBP	0.5153	0.5%	CRB Index	285.10	1.09
			AUD/NZD	1.1051	0.0%	Gold	2638.93	\$26.67
			AUD/CNY	4.7270	0.4%	Silver	31.29	\$0.15
US			EUR/USD	1.0607	0.2%	Iron Ore (62% Fe)**	101.40	\$1.95
2-year	4.27	-1	USD/JPY	154.87	0.3%	Iron Ore (24-25 Average)	101.14	\$0.02
10-year	4.39	-2	USD/CNY	7.2394	0.1%	Copper	9087.50	\$15.00
			RBA Policy			Equities		
Other 10-year			O/N Cash Rate Target	4.35		ASX200	8364	8
Japan	1.07	0	Interbank O/N Cash Rate	4.34		Dow Jones	43269	-121
Germany	2.34	-4	Probability of a 25bps Cut in Dec	11.8%		S&P500	5917	23
UK	4.44	-2	RBA Bond Holdings (31 Oct)	A\$311.7b		Stoxx600	501	-2
						CSI300	3977	27

*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 again mixed on Tuesday night. Shares opened the session lower amid the escalation of the Russian-Ukrainian war, before a recovery led by information technology and communication services pushed the S&P 500 and Nasdaq back into positive territory. However, the Dow Jones closed the day lower, with 18 of its 30 members closing in red. US Treasury yields declined slightly at the back end of the yield curve, but the US dollar index was broadly steady at close to its one-year high.

The Australian dollar continued to appreciate, taking the AUD/USD back above US\$0.65 and to the highest level in a week. Commonwealth bond yields are little changed, with small increases for shorter maturities. The ASX 200 rose by 0.9% yesterday, with gains in all the market sectors led by information technology, before opening lower this morning.

There were no major market-moving economic data releases globally or in Australia. What grabbed the market's attention, however, was the update to a Russian military doctrine, which now allows a nuclear retaliation if Russia or Belarus are struck with conventional weapons, that have the backing of a nuclear power. This came after Ukraine allegedly fired US-made missiles into the Russian Bryansk region, around 200 kilometres away from the Ukrainian border, following the US granting Ukraine permission to fire US supplied long-range missiles into Russia.

Concerns over the escalation of the Russian-Ukrainian war into a nuclear conflict led to a further rise in the gold price, although it remains around 6% off its record high from late October. Brent futures were little changed, remaining close to their two-year lows. Iron ore futures are up 2.0% from this time yesterday.

Speaking last night in the US, Kansas City Fed President Jeffrey Schmid said that, while interest rates are currently being cut, the longer-term outlook is uncertain due to the rising public debt. He drew attention to the high rate of investment, particularly due to projects related to the artificial intelligence, assessing that they should lead to higher productivity growth and boost economic growth. However, he also brought attention to the high energy demands of such projects and the outdated energy infrastructure that could be insufficient for this challenge, posing an upside risk to energy prices going forward.

RBA Board minutes brought no major surprises but supported current market pricing that the first cut will be delayed until May 2025. The Board cited elevated uncertainty, including the upside risks to inflation, and said that they need to see more than one quarter of 'good inflation outcome' to be confident that disinflation is sustainable. The Board also warned that monetary policy might have to be 'adjusted' if it were viewed as insufficiently restrictive, which implies the risk of a rate hike. Overall, the RBA Board continues not to rule anything 'in or out', with future decisions remaining data-dependent and being taken meeting by meeting.

Economic Data Review

- **US:** Housing Starts (MoM, Oct) – Actual Expected 0.5%, Previous 0.0%.

Economic Data Preview

- **UK:** CPI (MoM, Oct) – Expected 0.5%, Previous 0.0%.