

Interest Rates (%)			FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.6356	0.0%	WTI Crude Oil	71.24	\$0.92
90-day Bill	4.17	0	AUD/JPY	96.26	-0.4%	Brent Crude Oil	75.22	\$0.83
3-year Bond	3.86	1	AUD/EUR	0.6062	0.0%	Mogas95*	87.55	\$0.95
10-year Bond	4.43	1	AUD/GBP	0.5036	-0.3%	CRB Index***	312.08	0.00
			AUD/NZD	1.1090	0.0%	Gold	2899.25	\$12.09
			AUD/CNY	4.6201	0.2%	Silver	32.39	\$0.28
US			EUR/USD	1.0485	0.0%	Iron Ore (62% Fe)**	105.55	\$0.80
2-year	4.25	0	USD/JPY	151.45	-0.4%	Iron Ore (24-25 Average)	101.86	\$0.03
10-year	4.49	2	USD/CNY	7.2643	0.1%	Copper	9395.50	-\$81.50
			RBA Policy			Equities		
			O/N Cash Rate Target	4.35		ASX200	8511	16
			Interbank O/N Cash Rate	4.34		Dow Jones***	44546	0
Other 10-year			Probability of a 25bps Cut in Feb	89.6%		S&P500***	6115	0
Japan	1.40	3	RBA Bond Holdings (31 Jan)	A\$297.6b		Stoxx600	555	3
Germany	2.49	6				CSI300	3947	8
UK	4.53	3						

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

**Iron ore is the second SGX futures contract.

No change due to a public holiday.

It was a quiet day in the global financial markets, with US investors away for the Presidents' Day holiday. European bourses closed in the black, with solid gains in aerospace and defence, after European leaders held an emergency meeting calling for an increase in military spending. S&P 500 futures are also higher at the time of writing.

The performance of Asia-Pacific equities was mixed, with slight increases in mainland China. The Chinese President Xi Jinping held a rare meeting with tech business leaders, urging them to 'show their talent' and assuring them of government support for the development of the industry.

In Australia, the ASX 200 started the trading week on the back foot, easing 0.2% yesterday from a record high on Friday. Results were mixed across sectors, with energy seeing the largest losses, and utilities registering the strongest gains. The AUD/USD is steady, while Commonwealth bond yields are slightly up ahead of the RBA Board meeting, with a 25bps cut widely expected by market participants, but it remains a close call to us.

In commodity markets, the gold price and oil futures both ticked up, after considerable declines over the weekend. Iron ore futures also picked up by 0.4%, following some volatility due to Cyclone Zelia hitting the Pilbara late last week.

Data-wise, Japanese real GDP expanded by 0.7% in Q4 (mkt exp: 0.3%), after a 0.4% increase in Q3 (revised from 0.3%). Private consumption rose by 0.1%, rather than the expected 0.3%. after a 0.7% increase in Q3. Business spending climbed 0.5% (mkt exp: 0.9%), mainly due to tech investment. The upside surprise to the headline number came from a strong positive contribution from net exports, which added 0.7ppts to growth, as exports rose by 1.1% and imports fell by 2.1%.

The better-than-expected GDP reading did little for market expectations for the timing of the next Bank of Japan interest rate increase, with the next 25bps hike not fully priced in until September. However, the JPY appreciated by 0.4% against the USD yesterday, while 10-year Japanese government bond yields picked up further, to be the highest since 2010.

From the local data, ANZ Roy Morgan consumer confidence declined by another 1.8% last week, as weekly inflation expectations picked up by 0.2ppts to 4.9%.

Economic Data Review

- **AU:** ANZ Roy Morgan Consumer Confidence (w/e 15 Feb) – Actual -1.8%, Previous -2.0%.
- **JP:** GDP (QoQ, Q4) – Actual 0.7%, Expected 0.3%, Previous 0.4% (revised).

Economic Data Preview

- **AU:** RBA Interest Rate Decision (Cash Rate Target) – Expected 4.10%, Previous 4.35%.
- **AU:** RBA Quarterly Statement on Monetary Policy.