

Interest Rates (%)			FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.6495	-0.7%	WTI Crude Oil	78.17	-\$0.29
90-day Bill	4.34	0	AUD/JPY	97.83	-0.6%	Brent Crude Oil	83.68	\$0.03
3-year Bond	3.68	-6	AUD/EUR	0.5993	-0.7%	Mogas95*	99.35	-\$1.75
10-year Bond	4.12	-6	AUD/GBP	0.5129	-0.6%	CRB Index	275.27	-1.22
			AUD/NZD	1.0656	0.5%	Gold	2034.68	\$4.42
			AUD/CNY	4.6754	-0.8%	Silver	22.46	\$0.00
US			EUR/USD	1.0838	0.0%	Iron Ore (62% Fe)**	115.10	-\$1.85
2-year	4.65	-5	USD/JPY	150.64	0.1%	Iron Ore (23-24 Average)	121.45	-\$0.04
10-year	4.26	-3	USD/CNY	7.1980	0.0%	Copper	8448.50	-\$25.50
			RBA Policy			Equities		
			O/N Cash Rate Target		4.35	ASX200	7639	-23
Other 10-year			Interbank O/N Cash Rate		4.32	Dow Jones	38949	-23
Japan	0.69	-1	Probability of a 25bps Cut in Mar		5.6%	S&P500	5070	-8
Germany	2.46	0	RBA Bond Holdings (31 Jan)		A\$336.1b	Stoxx600	495	-2
UK	4.19	-1				CSI300	3450	-45

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

**Iron ore is the second SGX futures contract.

Wall Street saw slight declines last night, led by falls in communication services, information technology and healthcare, partly offset by strong gains in real estate and a solid performance from most other sectors. The losses on Wall Street followed mixed results in Europe and Asia-Pacific.

The weaker global market sentiment, coupled with the downside surprise to the Aussie monthly CPI indicator, saw the Australian dollar depreciate against the major currencies. The AUD/USD slid back below US\$0.65, to be the weakest in two weeks. Commonwealth bond yields declined across the yield curve. The ASX 200 closed flat yesterday, before opening lower this morning.

Brent oil futures were little changed overnight and have been trading in a narrow range of US\$80-84 a barrel for the past three weeks. Iron ore futures resumed to fall amid further concerns over the Chinese economy.

All three Fed officials speaking last night (New York Fed President John Williams, Atlanta Fed President Raphael Bostic and Boston Fed President Susan Collins) suggested that fed funds rate cuts are likely this year, but any decisions will remain data driven.

Meanwhile, the US Q4 GDP estimate was roughly unchanged (0.1ppts downward revision to an annualised 3.2%), with a slight 0.3ppts upward revision to personal consumption growth, to an annualised 3.0%.

The RBNZ left its official cash rate unchanged at 5.50%, as expected, with the projection still pointing to the possibility of a hike later this year. The post-meeting statement stressed that the rate needs to remain at the restrictive level before a sustained decline in capacity pressures allows inflation to return to the 2-3% target range.

From the Aussie highlights, the **monthly CPI indicator** suggested headline consumer price inflation was unchanged at 3.4% YoY, while the trimmed mean measure of underlying inflation declined 0.2ppts to 3.8, still well above the 2-3% target band but the lowest since March 2022. Only 62% of the CPI basket is updated in the monthly CPI indicator in January and is biased towards the goods sector, while the RBA is currently focusing more on the services sector.

Aussie construction work done rose by 0.7% in Q4, slower than the 1.4% registered for the previous quarter. A 2.7% increase in engineering was partly offset by a 1.1% decline in building, driven by lower residential building (-5.2%).

ECONOMIC DATA REVIEW

- **AU:** Monthly CPI Indicator (YoY, Jan) – Actual 3.4%, Expected 3.6%, Previous 3.4%.
- **AU:** Construction Work Done (QoQ, Q4) – Actual 0.7%, Expected 0.6%, Previous 1.4% (revised).
- **US:** GDP (QoQ annualised, Q4, 2nd est.) – Actual 3.2%, Expected 3.3%, Previous 3.3%.

ECONOMIC DATA PREVIEW

- **AU:** Retail Trade (MoM, Jan) – Expected 1.5%, Previous -2.7%.
- **AU:** Private Sector Credit (MoM, Jan) – Expected 0.4%, Previous 0.4%.
- **AU:** Private Capex (QoQ, Q4) – Expected 0.5%, Previous 0.6%.
- **US:** Personal Spending (MoM, Jan) – Expected 0.2%, Previous 0.7%.
- **US:** PCE Price Index (MoM, Jan) – Expected 0.3%, Previous 0.2%.

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