Market Daily Update

16 JANUARY 2026

Interest Rates		
Australia		∆ bp
90-day Bill	3.73	0
3-year Bond	4.10	3
10-year Bond	4.69	2
US		
2-year	3.56	4
10-year	4.17	3
Other 10-year		
Japan	2.18	2
Germany	2.82	0
UK	4.39	5

FX		
AUD/USD	0.6700	0.3%
AUD/JPY	106.25	0.3%
AUD/EUR	0.5771	0.5%
AUD/GBP	0.5007	0.7%
AUD/NZD	1.1662	0.2%
AUD/CNY	4.6722	0.3%
EUR/USD	1.1607	-0.3%
USD/JPY	158.59	0.0%
USD/CNY	6.9671	-0.1%

RBA Policy	
O/N Cash Rate Target	3.60
Interbank O/N Cash Rate	3.60
Probability of a 25bps Hike in Feb	24.6%
RBA Bond Holdings (31 Dec)	A$250.2b

Commodities		
WTI Crude Oil	59.25	-$1.60
Brent Crude Oil	63.76	-$2.76
Mogas95*	73.63	-$0.77
CRB Index	301.75	-5.07
Gold	4606.71	-$10.11
Silver	91.28	-$1.53
Iron Ore (62% Fe)**	106.70	-$0.80
Iron Ore (25-26 Average)	103.59	$0.02
Copper	13106.00	-$82.50

Equities		
ASX200	8880	23
Dow Jones	49442	293
S&P500	6944	18
Stoxx600	615	3
CSI300	4751	10

*Mogas95 is the Singapore benchmark petrol price closely linked to Australian domestic fuel prices.
**Iron ore is the second SGX futures contract.

Sentiment turned positive on Wall Street overnight, with the S&P 500 closing in positive territory for the first time in three days, led by a rebound in tech shares. Semiconductors were the biggest driver of the increase, led by Nvidia. The rise came amid news of a US-Taiwan trade deal, as well as a strong revenue outlook and the announcement of big capital spending plans from leading chipmaker Taiwan Semiconductor Manufacturing Company.

The US-Taiwan agreement will see US import tariffs on goods from Taiwan lowered from 20% to 15%, in return for commitments from Taiwan that include direct investments of US$250 billion to build advanced semiconductor, energy, and artificial intelligence capacity in the US. Taiwan will provide another US$250 billion in credit guarantees to facilitate additional investments by Taiwanese companies in the US semiconductor supply chain. Taiwan is the world's major semiconductor manufacturer, particularly of the most advanced chips.

US Treasury yields rose, oil prices declined, and the recent runup in precious metals prices stalled as the probability of a near-term US military strike on Iran appears to have receded.

European equities were mainly higher overnight, with the Stoxx 600 gaining 0.5%. Trade in the Asia-Pacific was mixed yesterday. At home, the ASX 200 closed higher for the fourth day in a row and is slightly higher in early trade today.

Australian bond yields opened higher this morning, following moves in US Treasuries overnight. The improved mood in financial markets helped push the Aussie dollar up against all the majors, particularly the weaker euro and British pound. The Aussie ended the day at its highest closing level against the euro since May last year.

US economic data was thin overnight. Weekly initial jobless claims fell 9k to a six-week low of 198k in the week ending 9 January, with the four-week moving average falling to a near one-year low of 205k. Continuing claims fell from 1,903k to 1,884k in the week ending 3 January. Jobless claims remain historically very low and are one of the few datapoints suggesting still relatively buoyant labour market conditions.

In other US data releases overnight, the New York Fed's Empire State and the Philadelphia Fed manufacturing reports suggested activity returned to growth in January, with new orders and shipments increasing. However, the employment indicators in both reports indicated declining headcounts. Input price inflation remained well above growth in selling prices. This corresponds with the producer price index released this week, which indicates a continued squeeze on profit margins.

The Melbourne Institute consumer survey saw inflation expectations ease 0.1ppts to 4.6% in January. Expectations can be volatile monthly, but the monthly average picked up in the second half of 2025.

Economic Data Review

- **AU:** Melbourne Institute Consumer Inflation Expectations (Juan) – Actual 4.6%, Previous 4.7%.
- **US:** Weekly Initial Jobless Claims (w/e, 10 Jan) – Actual 198k, Expected 215k, Previous 207k (revised).

Economic Data Preview

- **US:** Industrial Production (MoM, Dec) – Expected 0.1%, Previous 0.2%.