

Interest Rates (%)			FX			Commodities US\$				
Australia	Δ bp		AUD/USD	0.6499	-1.2%	WTI Crude Oil	72.85	-\$1.39		
		90-day Bill	4.35	3	AUD/JPY	96.57	0.3%	Brent Crude Oil	78.00	-\$0.70
		3-year Bond	3.67	11	AUD/EUR	0.6032	-0.3%	Mogas95*	94.93	-\$1.91
		10-year Bond	4.10	12	AUD/GBP	0.5152	-0.2%	CRB Index	267.74	-1.97
				AUD/NZD	1.0719	0.1%	Gold	2040.89	-\$14.63	
				AUD/CNY	4.6873	-0.6%	Silver	22.69	-\$0.47	
US			EUR/USD	1.0775	-0.9%	Iron Ore (62% Fe)**	126.90	-\$2.65		
		2-year	4.36	16	USD/JPY	148.58	1.5%	Iron Ore (23-24 Average)	121.22	\$0.02
		10-year	4.02	14	USD/CNY	7.1935	0.2%	Copper	8482.00	-\$52.50
				RBA Policy		Equities				
Other 10-year			O/N Cash Rate Target		4.35	ASX200	7622	-30		
			Interbank O/N Cash Rate		4.32	Dow Jones	38654	135		
			Probability of a 25bps Cut in Feb		2.5%	S&P500	4959	52		
			RBA Bond Holdings (31 Dec)		A\$336.1b	Stoxx600	484	0		
						CSI300	3180	-38		

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

**Iron ore is the second SGX futures contract.

US Treasury yields surged, and US stock indices rose to fresh record highs, after the rise in US non-farm payrolls in January exceeded all expectations. Fed funds rate cut expectations declined somewhat following the release, but a 25bps cut is still almost 90% priced in for May. The US dollar index surged to the highest level since early December.

The AUD depreciated against all the major currencies but the JPY, as commodity prices declined further. The ASX 200 rose by 1.5% on Friday, reaching a new record high, but retreated 1.1% this morning, while Commonwealth bond yields followed their US equivalents higher.

US non-farm payrolls surged 353k in January, while, according to the Bloomberg survey, the highest forecast was for a 300k rise and the median expectation was just 185k. The December increase was revised significantly upwards, to 333k from the initially estimated 216k, and there were also upward revisions for the previous months. The unemployment rate was unchanged at 3.7% in January, while the consensus was for a slight increase to 3.8%. Growth in average hourly earnings accelerated to 0.6% MoM and 4.5% YoY, against market expectations of 0.3% MoM and 4.1% YoY.

Aussie [new home loans](#) saw an unexpected and broad-based decline of 4.1% in December 2023, but were up 11.7% through the year. The number of new owner occupier construction loans rose 5.0% but remain close to record lows. The Australian PPI rose by 0.9%, taking the annual rate of producer price inflation up 0.2ppts to 4.1% in Q4 2023. From details of the report, input prices to house construction rose by 0.3% in Q4 after being unchanged in the previous quarter, pushing the annual rate of growth down to 2.4%, the lowest level in three years.

The most important domestic event [this week](#) will be the RBA decision tomorrow, followed by the post-meeting conference by RBA Governor Michele Bullock and the Statement on Monetary Policy with updated economic projections. Governor Bullock will also appear before the House of Representative's Economics Committee on Friday. The week will also be busy data-wise, with the December goods trade balance, January Melbourne Institute inflation gauge and ANZ job ads later today, as well as Q4 retail sales volumes tomorrow. The key releases offshore will be US and Chinese services PMIs as well as the Chinese inflation figures; all those releases are for January.

ECONOMIC DATA REVIEW

- AU:** Housing Finance (MoM, Dec) – Actual -4.1%, Expected 1.0%, Previous 0.7% (revised).
- AU:** PPI (QoQ, Q4) – Actual 0.9%, Previous 1.8%.
- US:** Non-farm Payrolls (monthly change, Jan) – Actual 353k, Expected 185k, Previous 333k (revised).
- US:** Unemployment Rate (Jan) – Previous 3.7%, Expected 3.8%, Previous 3.7%.

ECONOMIC DATA PREVIEW

- AU:** Goods Trade Balance (Dec) – Expected A\$10,500k, Previous A\$11,437k.
- AU:** Melbourne Institute Inflation Gauge (MoM, Jan) – Previous 1.0%.
- CH:** Caixin Services PMI (Jan) – Expected 53.0, Previous 52.9.
- US:** ISM Services PMI (Jan) – Expected 51.7, Previous 50.6.

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