

Interest Rates			FX			Commodities US\$			
Australia		Δ bp	AUD/USD	0.6675	0.5%	WTI Crude Oil	58.80	\$0.42	
	90-day Bill	3.71	-1	AUD/JPY	103.87	-0.3%	Brent Crude Oil	62.21	\$0.27
	3-year Bond	4.14	-5	AUD/EUR	0.5705	-0.1%	Mogas95*	75.52	-\$0.36
	10-year Bond	4.73	-5	AUD/GBP	0.4985	-0.2%	CRB Index	301.38	1.75
			AUD/NZD	1.1471	-0.2%	Gold	4245.09	\$36.71	
			AUD/CNY	4.6939	0.1%	Silver	62.32	\$1.60	
US			EUR/USD	1.1702	0.7%	Iron Ore (62% Fe)**	102.50	\$0.70	
	2-year	3.53	-8	USD/JPY	155.62	-0.8%	Iron Ore (25-26 Average)	103.17	\$0.00
	10-year	4.14	-5	USD/CNY	7.0680	0.1%	Copper	11556.50	\$69.50
			RBA Policy			Equities			
Other 10-year			O/N Cash Rate Target		3.60	ASX200	8641	57	
			Interbank O/N Cash Rate		3.60	Dow Jones	48058	497	
	Japan	1.95	-2	Probability of a 25bps Hike in Feb		22.4%	S&P500	6887	46
	Germany	2.85	0	RBA Bond Holdings (28 Nov)		A\$250.3b	Stoxx600	578	0
	UK	4.51	0				CSI300	4592	-6

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

**Iron ore is the second SGX futures contract.

US equities made solid gains overnight, with the market rallying in the afternoon following news of the Fed interest rate cut and relatively upbeat economic projections. The S&P 500 closed just short of its 28 October record high. US Treasury yields fell as the Fed cut interest rates, and also said it would buy US Treasury bills or, if needed, Treasury notes with maturities of three years or less to maintain an ample supply of reserves. The US dollar weakened following the release of the FOMC statement, with the US dollar index falling to the lowest levels since the end of October.

The ASX 200 fell for the third day in a row, edging down 0.1%, however the Aussie market has followed Wall Street, opening higher this morning.

Australian Commonwealth bond yields have opened lower this morning after the three-year yield hit its highest levels since the end of 2024 during yesterday's trading session, while the 10-year yield hit its highest levels since November 2023. The AUD rose against the weaker greenback but slipped against the other majors.

The FOMC cut the fed funds rate target range by 25bps to 3.50-3.75%, as expected. The vote was split three ways, with nine members voting for the 25bps cut, one voting for 50bps and two for no cut. The post-meeting statement saw that the Fed no longer characterises the unemployment rate as being low, highlighting the increased concern about the labour market. However, the median projection among FOMC participants of the future path of interest rate cuts was unchanged, with just one 25bps cut expected in each of 2026 and 2027. Fed Chair Jerome Powell's postmeeting press conference saw him reinforce the twin concerns about downside risks to the labour market and elevated inflation.

The Fed's quarterly economic projections saw the median forecast for 2026 GDP growth revised from 1.8% to 2.3%, from an estimated 1.7% growth in 2025. Despite the concern about the labour market, the median forecast for the unemployment rate at the end of 2026 was unchanged at 4.4%, from an estimated 4.5% this year. Projected inflation for next year was revised down 0.2ppts to 2.4% from 2.9% in 2025. The Fed's target is 2%.

Price pressure in China remains very low, with the CPI falling 0.1% in November, although base effects saw annual inflation pickup to 0.7% from 0.2% in October. The increase was driven by higher food price inflation with core inflation (ex. food and energy) steady at a low 1.2%. Producer prices remained in deflation, with the PPI falling 2.2% from a year ago, down from -2.1% YoY in October.

The Jobs and Skills Australia internet vacancy index saw a 1.3% fall in job ads in November to be down 7.2% YoY. However, vacancies were still 20% higher than the 2019 average. Advertisements were down in most states and territories, with Western Australia the best performed state with a 1.0% rise (-1.5% YoY).

Economic Data Review

- **AU:** Internet Job Vacancies (MoM, Nov) – Actual -1.3%, Previous 0.1%.
- **CH:** CPI (YoY, Nov) – Actual 0.7%, Expected 0.7%, Previous 0.2%.
- **CH:** PPI (YoY, Nov) – Actual -2.2%, Expected -2.0%, Previous -2.1%.
- **US:** FOMC (IoR) – Actual 3.65%, Expected 3.65%, Previous 3.90%.

Economic Data Preview

- **AU:** Employment (Monthly Change, Nov) – Expected 20k, Previous 42.2k.
- **AU:** Unemployment Rate (Nov) – Expected 4.4%, Previous 4.3%.