

Interest Rates			FX			Commodities US\$					
Australia	90-day Bill***	Δ bp	AUD/USD	0.6595	-0.1%	WTI Crude Oil	61.73	\$1.13			
			AUD/JPY	98.75	1.6%	Brent Crude Oil	65.42	\$1.20			
			AUD/EUR	0.5630	0.0%	Mogas95*	75.98	\$0.90			
			AUD/GBP	0.4909	0.0%	CRB Index	299.36	1.03			
			AUD/NZD	1.1325	-0.1%	Gold	3901.60	\$43.14			
			AUD/CNY	4.7035	0.3%	Silver	48.08	\$1.18			
US	2-year	4	EUR/USD	1.1716	0.0%	Iron Ore (62% Fe)**	103.75	\$0.20			
			USD/JPY	149.73	1.6%	Iron Ore (25-26 Average)	102.36	\$0.03			
			10-year	4.14	6	USD/CNY***	7.1224	0.0%	Copper	10715.50	\$225.00
			RBA Policy			Equities					
Other 10-year	Japan	-1	O/N Cash Rate Target		3.60	ASX200	8991	26			
			Interbank O/N Cash Rate		3.60	Dow Jones	46758	239			
			Probability of a 25bps Cut in Nov		34.6%	S&P500	6716	0			
			RBA Bond Holdings (30 Sep)		A\$272.1b	Stoxx600	570	3			
			UK		4.69	-2	CSI300***	4641	0		

*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.

US equities set fresh record highs on Friday before a late fall saw the S&P 500 end the session virtually flat. Traders were starved of government economic reports, as the US Government shutdown extended into a third day. The market was spared what was expected to be another weak employment report, which was due for release on Friday but will now be released whenever government agencies reopen. However, the private sector ISM services PMI signalled weak growth in September. US Treasury yields climbed, and the US dollar picked up this morning.

European markets closed higher for the sixth day in a row, with the Stoxx 600 having its best week since early May. Asia-Pacific shares were mainly higher, although markets in mainland China remained closed for the Golden Week holiday.

At home, the ASX 200 added 0.5% on Friday. The information technology, health, and consumer discretionary indices led the way, while utilities and energy were the weakest sectors. The Aussie market opened higher again this morning, and the ASX 200 is very near its record close of 9,019 recorded on 21 August.

The Australian dollar has slipped against all the major currencies except for the Japanese yen. The yen has weakened sharply this morning on news of Sanae Takaichi's victory in the Liberal Democratic Party leadership ballot on Saturday, putting her in the box seat to become Japan's first female prime minister. Takaichi is seen as in favour of easy fiscal and monetary policy and has made it clear she thinks the Bank of Japan should not be raising interest rates.

Commodities strengthened. Gold has climbed through US\$3900 an ounce for the first time but was again outperformed by silver, which is currently up almost 3% since Friday morning. Copper rose to its highest level since May 2024 as supply disruptions and high demand continue to push prices higher. Oil prices recovered some of last week's big losses in early trade today after OPEC+ announced a smaller than expected output hike over the weekend.

The ISM US services PMI dipped 2.0pts to 50.0 in September, indicating activity growth stalled (above 50 = expansion), the weakest result since activity marginally fell in May. The business activity/production index fell to 49.9, signalling a slight contraction, while the new orders index fell to 50.4. Employment remained in contraction at 47.2 and the prices paid index remained close to the highest levels since 2022 at 69.4. Tariffs were cited by several respondents as having a negative impact on business conditions.

It is looking like a quiet week ahead for economic data. Domestically, the Melbourne Institute inflation gauge for September is due today, followed by ANZ job ads for September and Westpac consumer sentiment for October on Tuesday. Offshore, assuming the US Government shutdown continues, the highlights will be the FOMC minutes, and the preliminary University of Michigan consumer confidence survey results. There is also an RBNZ decision on Wednesday, with a 25bps cut to the official cash rate expected.

Economic Data Review

- **US:** ISM Services PMI (Sep) – Actual 50.0, Expected 51.7, Previous 52.0.

Economic Data Preview

- **AU:** Melbourne Institute Inflation Gauge (MoM, Sep) – Previous -0.3%.