Market Daily Update

04 FEBRUARY 2026

Interest Rates			FX			Commodities		
Australia		∆ bp	AUD/USD	0.7023	0.8%	WTI Crude Oil	63.81	$1.86
90-day Bill	3.93	7	AUD/JPY	109.47	1.1%	Brent Crude Oil	67.33	$1.03
3-year Bond	4.36	8	AUD/EUR	0.5944	0.8%	Mogas95*	77.67	$2.87
10-year Bond	4.88	5	AUD/GBP	0.5128	0.7%	CRB Index	310.11	4.97
			AUD/NZD	1.1623	0.4%	Gold	4997.43	$187.97
			AUD/CNY	4.8567	0.8%	Silver	85.57	$1.89
US			EUR/USD	1.1814	0.1%	Iron Ore (62% Fe)**	102.80	-$0.20
2-year	3.57	0	USD/JPY	155.86	0.2%	Iron Ore (25-26 Average)	103.58	-$0.01
10-year	4.27	0	USD/CNY	6.9385	-0.1%	Copper	13478.00	$586.50
			RBA Policy			**Equities**		
			O/N Cash Rate Target		3.85	ASX200	8848	-35
Other 10-year			Interbank O/N Cash Rate		3.85	Dow Jones	49241	-167
Japan	2.26	1	Probability of a 25bps Hike in Mar		13.3%	S&P500	6918	-59
Germany	2.89	2	RBA Bond Holdings (30 Jan)		A$250.2b	Stoxx600	618	1
UK	4.52	1				CSI300	4660	54

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

As expected, the RBA Monetary Policy Board increased the cash rate target by 25bps to 3.85% yesterday. The post-meeting statement stressed that inflation has picked up ‘materially’ and is likely to remain above the target range ‘for some time’, partly due to larger capacity pressures amid greater momentum in demand.

The updated projections included in the February Statement on Monetary Policy forecast that headline and underlying inflation will not come back to the target range for at least another year, and will reach the vicinity of the mid-point of that range only towards the end of the projection horizon in mid-2028. The projections were prepared under the assumption of at least one more cash rate hike in the second half of 2026.

During the press conference, RBA Governor Michele Bullock added that the return of inflation to the target range, envisaged in the February projection, is also based on the assumption that the recent acceleration in price growth was only temporary. She underscored that the decision to hike yesterday was an adjustment to the level of interest rates, to prevent higher inflation from becoming ‘entrenched’, and that the RBA will follow the data closely to determine if another adjustment is necessary.

The market reacted to the above with a further slight intensification of cash rate hike expectations, which drove 3-year Commonwealth bond yields and the AUD somewhat higher. The market continues to anticipate at least one more cash rate hike this year. The ASX 200 closed 0.9% higher yesterday, regardless, before opening slightly lower this morning.

Yesterday also saw the publication of the dwelling approvals report for December, which printed a 14.9% drop driven by the volatile unit construction consents, with a 0.4% gain in private sector house approvals.

In the global markets, US stocks retreated overnight, with the strongest decline in information technology. The S&P 500 is down by 0.8%, while the tech-heavy Nasdaq lost 1.4%.

The US House of Representatives passed a funding bill to end the US government shutdown, which was then signed into law by US President Donald Trump. While the bill provides for most US departments and agencies, the funding for the Department of Homeland Security will end on 13 February unless an agreement is reached on its enforcement.

From Fed news, Fed Governor Stephen Miran has resigned from his White House post but continues to advocate for a sharp 100bps reduction in the fed funds rate. Richmond Fed President Tom Barkin voiced the opinion that the Fed rate cuts last year had supported the US labour market, but the FOMC now needs to focus on securing the inflation target.

The gold price and oil futures lifted somewhat, following solid declines over the past trading days. The catalyst for this partial rebound was press reports stating that the US Navy had shot down an Iranian drone and that a US fuel procurement program’s oil tanker was challenged by Iranian gunboats. Iron ore futures were little changed overnight.

Economic Data Review

- **AU:** Dwelling Approvals (MoM, Dec) – Actual -14.9%, Expected -6.4%, Previous 13.1% (revised).

Economic Data Preview

- **CH:** RatingDog Services PMI (Jan) – Expected 52.0, Previous 52.0.
- **EZ:** HICP (YoY, Jan) – Expected 1.7%, Previous 1.9%.
- **US:** ISM Services PMI (Jan) – Expected 52.0, Expected 54.4.
- **US:** ADP Employment (monthly change, Jan) – Expected 45k, Previous 41k.