

Interest Rates			FX			Commodities		
Australia		Δ bp	AUD/USD	0.6965	-1.1%	WTI Crude Oil	63.30	-\$2.28
90-day Bill	3.85	1	AUD/JPY	107.92	-0.1%	Brent Crude Oil	67.39	-\$3.32
3-year Bond	4.26	-1	AUD/EUR	0.5870	-0.4%	Mogas95*	81.18	\$4.53
10-year Bond	4.81	0	AUD/GBP	0.5086	-0.4%	CRB Index	320.09	-3.62
			AUD/NZD	1.1556	-0.4%	Gold	4792.93	-\$654.36
			AUD/CNY	4.8549	-0.7%	Silver	83.73	-\$34.57
US			EUR/USD	1.1865	-0.8%	Iron Ore (62% Fe)**	103.35	-\$1.00
2-year	3.52	-4	USD/JPY	154.94	1.1%	Iron Ore (25-26 Average)	103.60	-\$0.01
10-year	4.24	-1	USD/CNY	6.9569	0.1%	Copper	13157.50	-\$460.50
			RBA Policy			Equities		
			O/N Cash Rate Target		3.60	ASX200	8820	-143
Other 10-year			Interbank O/N Cash Rate		3.60	Dow Jones	48892	-179
Japan	2.28	2	Probability of a 25bps Hike in Feb		80.6%	S&P500	6939	-30
Germany	2.84	0	RBA Bond Holdings (31 Dec)		A\$250.2b	Stoxx600	611	4
UK	4.52	1				CSI300	4706	-48

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

**Iron ore is the second SGX futures contract.

US stocks ended their trading week on the backfoot, while the US dollar appreciated sharply, in reaction to US President Donald Trump selecting the relatively hawkish Kevin Warsh as the next Fed Chair.

US Treasury yields declined, as the US Senate approved a funding bill previously negotiated with President Trump. The bill still needs to be approved by the House of Representatives, meaning that the partial US government shutdown that started over the weekend will most likely be relatively short.

The weaker global market sentiment sent the Australian dollar lower, with a particularly large decline against the stronger greenback. The AUD/USD is back below the US\$0.70 mark. Commonwealth bond yields are little changed since Friday morning. The Aussie ASX 200 fell by 0.7%, driven mainly by a drop in materials amid lower commodity prices.

In commodity markets, the perspective of less accommodative monetary policy in the US sent the prices of precious metals sharply lower. The gold price is back below US\$5,000 an ounce, following the strongest daily drop since 2013. Industrial commodities also saw declines, with oil futures down by up to 2%, iron ore futures declining by 0.6%, and copper futures 3.4% lower.

From the global data, the US PPI rose by 0.5% in December, while the annual rate of producer price inflation remained unchanged at a moderate 3.0%. This was a slight upside surprise to market participants, who expected a rise of 0.2% MoM and 2.8% YoY. Euro area GDP rose by 0.2% in Q4, in line with market expectations. The Chinese NBS composite PMI declined by 0.9pts to 49.8 in January, with contraction in services, manufacturing, and construction.

In Australia, the Cotality home value index increased by 0.7% in January, somewhat more than the 0.5% registered in the previous month. The Aussie PPI saw a steady increase of 0.8% QoQ and 3.5% YoY in Q4. Private sector credit rose by 0.8% in December, taking the annual rate of credit growth to a three-year high of 7.7%.

The major domestic event [next week](#) will be the RBA cash rate decision and its Statement on Monetary Policy on Tuesday. The key domestic data will be the Melbourne Institute inflation gauge and ANZ job ads later today, followed by the December trade balance on Thursday. Key events offshore will include the US and Chinese PMI figures for January, the US labour market data on Friday, as well as monetary policy decisions from the ECB and the Bank of England.

Economic Data Review

- **AU:** Cotality Home Value Index (MoM, Jan) – Actual 0.7%, Previous 0.5%.
- **AU:** PPI (QoQ, Q4) – Actual 0.8%, Previous 1.0%.
- **AU:** Private Sector Credit (MoM, Dec) – Actual 0.8%, Expected 0.6%, Previous 0.6%.
- **CH:** NBS Composite PMI (Dec) – Actual 49.8, Previous 50.7.
- **EZ:** GDP (QoQ, Q4) – Actual 0.2%, Expected 0.2%, Previous 0.3%.
- **US:** PPI (MoM, Dec) – Actual 0.5%, Expected 0.2%, Previous 0.2%.

Economic Data Preview

- **AU:** Melbourne Institute Inflation Gauge (MoM, Jan) – Previous 1.0%.
- **AU:** ANZ Indeed Job Ads (MoM, Jan) – Previous -0.5%.
- **CH:** RatingDog Manufacturing PMI (Jan) – Expected 50.0, Previous 50.1.
- **US:** ISM Manufacturing PMI (Jan) – Expected 48.5, Expected 47.9.