

Interest Rates			FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.6605	0.4%	WTI Crude Oil	62.42	-\$0.61
90-day Bill	3.61	4	AUD/JPY	97.78	0.0%	Brent Crude Oil	66.07	-\$1.44
3-year Bond	3.58	5	AUD/EUR	0.5627	0.3%	Mogas95*	77.08	-\$2.37
10-year Bond	4.35	5	AUD/GBP	0.4914	0.3%	CRB Index	300.60	-1.99
			AUD/NZD	1.1403	0.2%	Gold	3861.73	\$23.92
			AUD/CNY	4.7131	0.5%	Silver	46.69	-\$0.22
US			EUR/USD	1.1736	0.1%	Iron Ore (62% Fe)**	103.65	\$0.05
2-year	3.61	-1	USD/JPY	148.05	-0.4%	Iron Ore (25-26 Average)	102.30	\$0.03
10-year	4.15	1	USD/CNY	7.1224	0.0%	Copper	10268.50	-\$145.50
			RBA Policy			Equities		
			O/N Cash Rate Target		3.60	ASX200	8834	-43
			Interbank O/N Cash Rate		3.59	Dow Jones	46398	82
Other 10-year			Probability of a 25bps Cut in Nov		36.9%	S&P500	6688	27
Japan	1.64	1	RBA Bond Holdings (29 Aug)		A\$272.1b	Stoxx600	558	3
Germany	2.71	0				CSI300	4641	21
UK	4.70	0						

*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](#) left interest rates unchanged yesterday, including the cash rate target rate at 3.60%. However, the post-meeting statement was more hawkish than the one after the previous meeting in August, highlighting that the monthly CPI indicator points to an upside risk to Q3 trimmed mean inflation, while private consumption in Q2 turned out to be stronger than expected. The RBA is worried that, if the recovery in household spending continues, this could make it easier for businesses to pass on higher costs to consumers. They also continue to judge that labour market conditions remain tight, even if they have eased a little recently.

At the press conference, RBA Governor Michele Bullock declined to provide any specific guidance, saying that future decisions will remain data-dependent. However, she did not completely rule out a scenario of no further rate cuts.

Cash rate cut expectations were scaled back a little further yesterday, with the probability of a November cut dropping below 40% and a February cut not fully priced in. Commonwealth bond yields increased across the yield curve, while the AUD appreciated against all the major currencies except for the Japanese yen, which was propped up by rising expectations for a policy rate hike in Japan. The ASX 200 closed 0.2% lower and opened in the red again this morning.

Data-wise, Australian [dwelling approvals](#) saw an unexpected and broad-based decline of 6.0% in August, while the pace of growth in private sector credit was unchanged at 0.6% MoM and 7.2% YoY, with a solid rise in housing credit. The Cotality home value index for capital cities rose by 0.9% in September, faster than the 0.8% recorded in August, with Perth seeing a 1.6% increase to a median value of \$855k.

Abroad, US stocks closed higher, thanks to a late rally, despite concerns over the pending government shutdown, as US economic data supported a case for further fed funds rate cuts. However, US Treasury yields and the US dollar were little changed overnight. The gold price rose to yet another record high, while oil prices continued to decline.

The US Conference Board consumer sentiment index fell by 3.7% in October and remained quite low. The difference between households judging that jobs are 'plentiful' and 'hard to get' reached the lowest level since February, indicating softening labour market conditions. US JOLTS jobs openings were little changed at around 7.2m in August, to be somewhat above the number of officially unemployed for the second month in a row.

The official Chinese NBS PMIs suggested stagnant conditions in manufacturing (+0.4pts to 49.8) and services (-0.4pts to 50.1), and further contraction in construction (+0.2pts to 49.3). The Chinese RatingDog PMIs, which are more focused on smaller firms, suggested moderate expansion in both manufacturing (+0.7pts to 51.2) and services (-0.1pts to 52.9).

Economic Data Review

- **AU:** Cotality Home Value Index (MoM, Sep) – Actual 0.9%, Previous 0.8%.
- **AU:** Dwelling Approvals (MoM, Aug) – Actual -6.0%, Expected 3.0%, Previous -10.0% (revised).
- **CH:** Composite PMI (Sep) – Actual 50.6 (NBS) and 52.5 (RatingDog), Previous 50.5 (NBS) and 51.9 (RatingDog).
- **US:** Conference Board Consumer Confidence (Sep) – Actual 94.2, Expected 96.0, Previous 97.8 (revised).
- **US:** JOLTS Job Openings (Aug) – Actual 7.2m, Expected 7.2m, Previous 7.2m.

Economic Data Preview

- **US:** ADP Employment (monthly change, Sep) – Expected 51k, Previous 54k.
- **US:** ISM Manufacturing PMI (Sep) – Expected 49.0, Previous 48.2.