

Interest Rates			FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.6434	-0.2%	WTI Crude Oil	62.85	\$0.25
90-day Bill	3.57	0	AUD/JPY	94.86	-0.5%	Brent Crude Oil	66.97	\$0.92
3-year Bond	3.38	-3	AUD/EUR	0.5525	-0.3%	Mogas95*	79.33	\$1.40
10-year Bond	4.27	-4	AUD/GBP	0.4781	-0.1%	CRB Index	296.01	1.96
			AUD/NZD	1.1046	0.9%	Gold	3343.55	\$29.80
			AUD/CNY	4.6148	-0.4%	Silver	37.88	\$0.51
US			EUR/USD	1.1646	0.1%	Iron Ore (62% Fe)**	101.80	\$1.40
2-year	3.75	0	USD/JPY	147.43	-0.2%	Iron Ore (25-26 Average)	100.57	\$0.04
10-year	4.29	-1	USD/CNY	7.1758	-0.1%	Copper	9720.50	\$28.50
			RBA Policy			Equities		
			O/N Cash Rate Target		3.60	ASX200	8966	88
Other 10-year			Interbank O/N Cash Rate		3.59	Dow Jones	44938	16
Japan	1.61	2	Probability of a 25bps Cut in Sep		30.0%	S&P500	6396	-16
Germany	2.72	-3	RBA Bond Holdings (31 Jul)		A\$272.1b	Stoxx600	559	1
UK	4.67	-7				CSI300	4271	48

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

**Iron ore is the second SGX futures contract.

The decline in the S&P 500 extended into Wednesday, as the FOMC minutes turned out to be a bit hawkish, adding to anxiety ahead of Fed Chair Jerome Powell's speech tomorrow night. US 10-year Treasury yields declined, however, while the US dollar appreciated.

The declines on Wall Street followed mixed results in Europe and the Asia-Pacific region. The ASX 200 rose by 0.3% yesterday, but there were declines in major industries such as materials, health care, energy and information technology. The Aussie share market opened higher this morning and looks set to establish a new record high. The Australian dollar depreciated against all major currencies. Commonwealth bond yields declined across the yield curve.

Minutes from the July FOMC meeting, which preceded the latest weak US jobs report, revealed that a majority of the Committee members were more concerned about the upside risks to the inflation outlook than about labour market conditions. The Committee members also concurred that even now the level of inflation remains 'somewhat elevated', though the two members who preferred to lower the fed funds rate at the meeting noted that inflation is still close to the 2% goal. These members assessed that the downside risk to employment growth had increased along with softer economic activity growth.

In other central banking news, Fed Governor Lisa Cook said that she intended to remain at the central bank despite increasing pressure from the White House to step down.

The RBNZ cut its official cash rate by 25bps to 3.00% yesterday, as expected. In their post-meeting statement, they said that there was scope to reduce the interest rate further if inflation continues to ease as expected. They also lowered their estimate of a terminal rate for this monetary policy easing cycle, to just above 2.50% from just below the 3.00% estimated in May.

Data-wise, the UK CPI rose by 0.1% in July, while market participants expected a flat result. The annual rate of inflation also surprised to the upside, rising 0.2ppts to 3.8%, which is the highest level since January 2024. The rise was driven by increasing costs of fuel, food and transport. However, annual core inflation also increased to 3.8%, while annual services price inflation rose to 5.0%.

In Australia, the S&P Global composite PMI rose 1.1pts to 54.9 in August (above 50 = expansion), indicating the fastest pace of growth in private sector activity since April 2022. Faster expansion was recorded both in services (+1.0pts to 55.1) and manufacturing (+1.6pts to 52.9). The details of the PMI report suggested solid domestic demand and recovery of external demand, with new export orders seeing the strongest expansion in six months. Employment also climbed, though only in services, while cost and price inflation slowed.

Economic Data Review

- **AU:** S&P Global Composite PMI (Aug, flash) – Actual 54.9, Previous 53.8.
- **UK:** CPI (MoM, Jul) – Actual 0.1%, Expected 0.0%, Previous 0.3%.

Economic Data Preview

- **JP:** Judo Bank Composite PMI (Aug, flash) – Previous 51.6.
- **US:** Initial Jobless Claims (w/e 16 Aug) – Expected 225k, Previous 224k.
- **US:** S&P Global Composite PMI (Aug, flash) – Expected 53.5, Previous 55.1.