

| Interest Rates       |              |             | FX                                 |           |       | Commodities              |          |           |
|----------------------|--------------|-------------|------------------------------------|-----------|-------|--------------------------|----------|-----------|
| <b>Australia</b>     |              | <b>Δ bp</b> | AUD/USD                            | 0.6699    | -0.3% | WTI Crude Oil            | 58.28    | \$1.97    |
|                      | 90-day Bill  | 3.74        | AUD/JPY                            | 105.14    | -0.2% | Brent Crude Oil          | 61.99    | \$2.03    |
|                      | 3-year Bond  | 4.06        | AUD/EUR                            | 0.5746    | -0.2% | Mogas95*                 | 74.26    | \$3.26    |
|                      | 10-year Bond | 4.67        | AUD/GBP                            | 0.4986    | -0.1% | CRB Index                | 302.38   | 2.22      |
| <b>US</b>            |              |             | AUD/NZD                            | 1.1654    | 0.1%  | Gold                     | 4472.61  | \$11.55   |
|                      |              |             | AUD/CNY                            | 4.6723    | -0.7% | Silver                   | 76.45    | -\$2.23   |
|                      | 2-year       | 3.49        | EUR/USD                            | 1.1656    | -0.2% | Iron Ore (62% Fe)**      | 107.95   | -\$0.95   |
|                      | 10-year      | 4.17        | USD/JPY                            | 156.95    | 0.1%  | Iron Ore (25-26 Average) | 103.43   | \$0.02    |
| <b>Other 10-year</b> |              |             | USD/CNY                            | 6.9845    | -0.1% | Copper                   | 12720.50 | -\$179.00 |
|                      |              |             | <b>RBA Policy</b>                  |           |       | <b>Equities</b>          |          |           |
|                      |              |             | O/N Cash Rate Target               | 3.60      |       | ASX200                   | 8743     | 27        |
|                      |              |             | Interbank O/N Cash Rate            | 3.60      |       | Dow Jones                | 49266    | 270       |
| Japan                | 2.08         | -2          | Probability of a 25bps Hike in Feb | 24.6%     |       | S&P500                   | 6921     | 1         |
| Germany              | 2.86         | 5           | RBA Bond Holdings (31 Dec)         | A\$250.2b |       | Stoxx600                 | 604      | -1        |
| UK                   | 4.40         | -1          |                                    |           |       | CSI300                   | 4738     | -39       |

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

\*\*Iron ore is the second SGX futures contract.

US equities were mixed, with the Dow Jones (just 30 blue chip stocks) posting a solid gain, while the S&P 500 closed virtually flat and the tech-heavy Nasdaq closed lower due to a decline in technology stocks. The fall in the tech sector was led by leading chipmaker Nvidia, which dropped 2.2%, pushing its market capitalization below US\$4.5 trillion. Energy shares led the increase while defence shares benefitted from calls by US President Trump for the US to lift military spending to US\$1.5 trillion in 2027, up from the 2026 budget of US\$901 billion.

US Treasury yields rose ahead of the US employment report due for release tonight and a possible US Supreme Court decision tonight on the legality of President Trump's "Liberation Day" tariffs. The tariff increases last year saw US Federal Government customs receipts rise from under US\$8 billion a month to around US\$30 billion a month. This has provided some small relief to the huge US Government budget deficit, which has averaged over US\$140 billion a month in the past six months.

Equities were mixed elsewhere, with European stocks closing a little lower for the second day in a row after the Stoxx 600 closed at a record high on Tuesday. The major Asia-Pacific markets closed mainly in the red. The Aussie market was an exception, with the ASX 200 rising 0.3% yesterday and is a little higher in early trade today.

Australian bond yields fell further at the short-end of the yield curve as traders further wound back pricing for an RBA cash rate increase in February, with the three-year yield falling to its lowest levels in 3½-weeks. Longer-term yields are more heavily influenced by global movements, remaining unchanged from this time yesterday.

The Australian dollar eased further against the greenback and the other majors amid the fall in RBA cash rate expectations. The AUD/USD fell to as low as US\$0.6682 overnight but has clawed its way back to US\$0.67.

Geopolitical concerns helped drive a sharp rise in oil prices, with unrest in Iran combining with uncertainty surrounding Venezuela and fading hopes for a Russia-Ukraine ceasefire to remove some of the downside pressure on prices. Iron ore futures prices peaked at US\$109.40 / tonne during yesterday's trading session, the highest level since October 2024, before sliding.

Australia's seasonally adjusted goods trade surplus slipped to A\$2.9 billion in November (mkt exp A\$5.0 billion), down from A\$4.4 billion in October. The narrower surplus was mainly driven by a fall in exports, while imports were marginally higher.

## Economic Data Review

- **AU:** Trade Balance (Nov) – Actual A\$2.9b, Expected A\$5.0b, Previous A\$4.4b.
- **US:** Weekly Initial Jobless Claims (w/e 3 Jan) – Actual 208k, Expected 212k. Previous 219k.

## Economic Data Preview

- **CH:** CPI (YoY, Dec) – Expected 0.8%, Previous 0.7%
- **CH:** PPI (YoY, Dec) – Expected -2.0%, Previous -2.2%.
- **US:** Non-Farm Payrolls (Monthly Change, Dec) – Expected 70k, Previous 64k.
- **US:** Unemployment Rate (Dec) – Expected 4.5%, Previous 4.6%.