

Interest Rates (%)			FX			Commodities US\$		
<b>Australia</b>			AUD/USD	0.6442	0.2%	WTI Crude Oil	88.84	-\$0.06
90-day Bill	4.12	1	AUD/JPY	94.76	0.2%	Brent Crude Oil	92.19	\$0.09
3-year Bond	3.84	-2	AUD/EUR	0.6000	0.5%	Mogas95*	103.01	\$1.23
10-year Bond	4.12	-5	AUD/GBP	0.5155	0.2%	CRB Index	287.62	0.26
			AUD/NZD	1.0857	-0.1%	Gold	1911.58	-\$1.37
			AUD/CNY	4.6666	-0.4%	Silver	22.87	-\$0.20
<b>US</b>			EUR/USD	1.0737	-0.2%	Iron Ore (62% Fe)**	119.35	\$1.00
2-year	4.96	-7	USD/JPY	147.11	-0.1%	Iron Ore (23-24 Average)	109.88	\$0.21
10-year	4.23	-6	USD/CNY	7.2717	-0.3%	Copper	8417.00	\$26.00
			<b>RBA Policy</b>			<b>Equities</b>		
			O/N Cash Rate Target	4.10		ASX200	7163	-3
			Interbank O/N Cash Rate	4.07		Dow Jones	34576	-70
			Probability of a 25bps Hike in Oct	4.4%		S&P500	4467	6
<b>Other 10-year</b>			RBA Bond Holdings (31 Aug)	A\$337.0b		Stoxx600	454	-1
Japan	0.71	0				CSI300	3737	-24
Germany	2.65	1						
UK	4.35	-7						

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

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

US stocks were mixed last night and US Treasury yields declined, despite the rise in US inflation. The Dow Jones closed 0.2% lower, but the S&P 500 edged up 0.1% and the Nasdaq added 0.4%. Utilities and consumer discretionary shares saw the biggest increases, while the real estate, energy, industrials, materials, and financial sectors registered declines.

The US CPI rose 0.6% in August (exp. 0.6%), in line with market expectations and the most since June 2022, to be up 3.7% YoY. The increase was led by energy amid a 10.6% surge in petrol prices. The core CPI excluding food and energy rose 0.3% to be 4.3% higher over the year, while the CPI for services excluding housing, which is closely tracked by the Fed, increased by 0.4% in the month and 4.1% YoY.

Since the rise in US inflation was expected by the markets, it had limited impact on fed funds rate expectations. Fed funds futures pricing continues to imply a pause at the FOMC meeting next week and around a 35% probability of a 25bps hike at the meeting in November. However, the US dollar is a little stronger than yesterday morning.

Across the Atlantic, UK GDP fell by 0.5% in July, more than double the 0.2% pencilled in by the market consensus. The decline was broad-based and reversed the surprise bounce registered in the previous month. Part of the stronger-than-expected fall could have resulted from the adverse weather conditions. This notwithstanding, UK gilt yields fell quite considerably yesterday, as the probability of another bank rate hike at the Bank of England meeting next week declined somewhat but remained above 50%.

In commodity markets, Brent futures saw a further slight increase, while iron ore futures rose by another 0.5% yesterday.

In the local markets, the ASX 200 dropped by 0.7%, with utilities and energy the only sectors to register gains. The strongest declines were in IT, real estate, industrials and materials. The Aussie stock market opened 0.1% higher this morning. Commonwealth bond yields fell across the yield curve, with stronger declines for longer maturities. The Australian dollar appreciated against all the major currencies.

#### ECONOMIC DATA REVIEW

- **UK:** Monthly GDP (MoM, Jul) – Actual -0.5%, Expected -0.2%, Previous 0.5%.
- **US:** CPI (MoM, Aug) – Actual 0.6%, Expected 0.6%, Previous 0.2%.

#### ECONOMIC DATA PREVIEW

- **AU:** Employment (monthly change, Aug) – Expected 25.0k, Previous -14.6k.
- **AU:** Unemployment Rate (Aug) – Expected 3.6%, Previous 3.7%.
- **EZ:** ECB Decision (Deposit Rate) – Expected 3.75%, Previous 3.75%.
- **US:** Retail Sales (MoM, Aug) – Expected 0.2%, Previous 0.7%.
- **US:** PPI (MoM, Aug) – Expected 0.4%, Previous 0.2%.

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