

Interest Rates (%)			FX			Commodities US\$		
Australia			AUD/USD	0.6460	0.2%	WTI Crude Oil	91.49	-\$0.91
90-day Bill	4.14	1	AUD/JPY	95.48	0.3%	Brent Crude Oil	94.37	-\$0.35
3-year Bond	3.95	3	AUD/EUR	0.6047	0.3%	Mogas95*	103.21	-\$1.47
10-year Bond	4.22	3	AUD/GBP	0.5214	0.2%	CRB Index	290.00	0.62
			AUD/NZD	1.0864	-0.2%	Gold	1930.78	-\$2.73
			AUD/CNY	4.7115	0.4%	Silver	23.20	-\$0.06
US			EUR/USD	1.0684	-0.1%	Iron Ore (62% Fe)**	121.20	-\$0.85
2-year	5.09	4	USD/JPY	147.79	0.1%	Iron Ore (23-24 Average)	110.70	\$0.16
10-year	4.36	6	USD/CNY	7.2973	0.1%	Copper	8292.50	-\$67.00
			RBA Policy			Equities		
			O/N Cash Rate Target	4.10		ASX200	7167	-33
			Interbank O/N Cash Rate	4.07		Dow Jones	34518	-107
			Probability of a 25bps Hike in Oct	6.6%		S&P500	4444	-10
Other 10-year			RBA Bond Holdings (31 Aug)	A\$337.0b		Stoxx600	457	0
Japan	0.73	1				CSI300	3721	-7
Germany	2.74	3						
UK	4.34	-5						

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

**Iron ore is the second SGX futures contract.

US stocks resumed their decline overnight, as investors await the monetary policy decision and new projections from the FOMC due tomorrow morning (AWST). US Treasury yields rose across the yield curve, with fed funds rate cut expectations being pushed back to later in 2024. The US dollar strengthened somewhat.

There were no top tier data reports overnight.

The US housing market data was mixed. Housing permits unexpectedly rose 6.9% in August, but housing starts dropped 11.3% to the lowest level since June 2020.

The OECD revised its 2023 global GDP growth forecasts up 0.3ppts last night to a still moderate 3.0%, but the 2024 forecast was downgraded 0.2ppts to 2.7%. The upward revision for 2023 was driven by stronger growth projections for the US and Japan, while the growth forecasts for the euro area and China were revised downwards.

G20 headline inflation forecast was revised down 0.1ppts to 6.0% for 2023, while the 2024 inflation forecast was revised up 0.1ppts to 4.8%. Core inflation forecasts were revised up 0.1ppts for 2023 and 2024, to 4.3% and 2.7% respectively. According to the forecasts, headline and core inflation rates are expected to remain above central bank targets in all of the major advanced economies in 2023 and 2024.

For Australia, the OECD expects 1.8% growth this year, the same as forecast in June, and a further slowdown to 1.3% (revised down 0.1ppts) for 2024. The 2023 inflation forecasts were revised upwards, by 0.1ppts to 5.5% for headline inflation and 0.4ppts to 5.9% for core inflation. In 2024, headline inflation is expected to decline to 3.2% and core inflation is forecast at 3.3%.

The RBA September Board minutes brought no major surprises. Board members continue to judge that the Aussie economy is 'on the narrow path' where inflation returns to the target range with employment continuing to grow. However, it repeated that some further tightening may be required if inflation is more persistent than expected. The members considered a 25bps hike at the meeting but decided to keep the rates unchanged citing the substantial tightening so far and the lags in monetary policy transmission.

Cash rate futures continue to price in around a 30% probability of a 25bps hike this year. Commonwealth bond yields picked up yesterday, albeit less than their US equivalents. The ASX 200 closed 0.5% lower yesterday, with energy the only industry sector to see a gain. The index has opened even lower this morning. The AUD appreciated against all the major currencies.

ECONOMIC DATA REVIEW

- **US:** Housing Starts (MoM, Aug) – Actual -11.3%, Expected -0.9%, Previous 2.0%.

ECONOMIC DATA PREVIEW

- **US:** FOMC Decision (IoER) – Expected 5.40%, Previous 5.40%.

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