

Interest Rates			FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.6538	0.1%	WTI Crude Oil	58.22	-\$2.80
	90-day Bill	3.64	AUD/JPY	101.23	0.6%	Brent Crude Oil	62.71	-\$2.45
	3-year Bond	3.69	AUD/EUR	0.5641	0.1%	Mogas95*	78.97	-\$2.05
	10-year Bond	4.37	AUD/GBP	0.4982	0.3%	CRB Index	302.66	-4.39
US			AUD/NZD	1.1549	0.0%	Gold	4189.96	\$48.58
			AUD/CNY	4.6563	0.2%	Silver	53.17	\$1.88
	2-year	3.57	EUR/USD	1.1589	0.0%	Iron Ore (62% Fe)**	102.10	-\$0.40
	10-year	4.08	USD/JPY	154.84	0.5%	Iron Ore (25-26 Average)	102.97	-\$0.01
Other 10-year			USD/CNY	7.1110	-0.1%	Copper	10944.00	\$117.00
			RBA Policy			Equities		
			O/N Cash Rate Target	3.60		ASX200	8772	-67
			Interbank O/N Cash Rate	3.60		Dow Jones	48255	327
Japan	1.68	-1	Probability of a 25bps Cut in Dec	16.9%		S&P500	6851	4
Germany	2.64	-2	RBA Bond Holdings (31 Oct)	A\$272.1b		Stoxx600	584	4
UK	4.40	1				CSI300	4646	-6

*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 pretty mixed last night, as investors awaited the end of the US Government shutdown, while also being puzzled about the Fed's monetary policy outlook. The US House of Representatives is set to vote on a bill that would conclude the shutdown later this morning, while the White House said October data on jobs and inflation will most likely never be released and acknowledged that this could make the Fed's job more difficult.

From Fedspeak overnight, Boston Fed President Susan Collins said that she would rather keep the Fed funds rate 'at the current level for some time', citing the need to balance inflation and labour market risks in an uncertain environment as the main reason. Her Boston Fed counterpart, Raphael Bostic, who is set to retire in February, echoed these comments, speaking in favour of keeping interest rates steady until there is 'clear evidence' of inflation declining.

Overall, the S&P 500 closed 0.1% higher, while the tech-heavy Nasdaq declined by 0.3% and the Dow Jones rose by 0.7% to a new record high. US Treasury yields were little changed overnight, while the US dollar was virtually flat.

In commodity markets, concerns over scarce economic data ahead pushed the gold price sharply higher. Oil prices dropped overnight, as OPEC and US Energy Information Administration both increased their global oil supply forecasts. Iron ore futures declined but remained above US\$100 a tonne.

The ASX 200 declined by another 0.2% yesterday, with mixed results across sectors. The largest losses were recorded for information technology, while consumer staples saw the strongest increases. The Aussie share market opened lower this morning, as market participants were cautious ahead of the domestic labour force survey due later today. Commonwealth bond yields were broadly steady. The Australian dollar appreciated against all the major currencies.

Data-wise, the value of new home loans surged by 9.6% in Q3, the most in over four years, significantly exceeding market expectations of a 2.6% gain. The surge was driven by investors, which saw a 17.6% increase to a fresh record high. This came ahead of the expected rise in home prices due to the expansion of Commonwealth Government's 5% Deposit Scheme for eligible first home buyers on 1 October.

The value of owner-occupier loans picked up by 4.7% in Q3, with first home buyers seeing only a 1.1% gain. The average loan size for owner-occupier loans rose to a new record high of \$694k, and ranged between A\$616k in South Australia and A\$898k in New South Wales. The average loan size for Western Australian owner-occupier loans rose to A\$633k in Q3.

Yesterday also saw the September data for overseas arrivals and departures, which showed a 5.6% YoY gain in arrivals, with a 5.4% YoY increase in long-term visitor arrivals, but an 8.5% YoY fall in permanent arrivals and a 0.3% decline in long-term resident returns.

Economic Data Review

- AU:** New Home Loans (QoQ, Q3) – Actual 9.6%, Expected 2.6%, Previous 2.4% (revised).

Economic Data Preview

- AU:** Employment (monthly change, Oct) – Expected 20.0k, Previous 14.9k.
- AU:** Unemployment Rate (Oct) – Expected 4.4%, Previous 4.5%.
- AU:** Melbourne Institute Consumer Inflation Expectations (Nov) – Previous 4.8%.
- UK:** GDP (QoQ, Q3) – Expected 0.2%, Previous 0.3%.