

Interest Rates			FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.6588	-0.1%	WTI Crude Oil	64.82	\$1.13
90-day Bill	3.60	5	AUD/JPY	97.94	0.5%	Brent Crude Oil	69.19	\$1.30
3-year Bond	3.54	9	AUD/EUR	0.5610	0.4%	Mogas95*	80.72	\$1.30
10-year Bond	4.33	7	AUD/GBP	0.4898	0.4%	CRB Index	302.88	3.00
			AUD/NZD	1.1327	0.5%	Gold	3750.97	-\$11.77
			AUD/CNY	4.6929	0.0%	Silver	43.95	-\$0.02
US			EUR/USD	1.1743	-0.5%	Iron Ore (62% Fe)**	106.15	\$0.20
2-year	3.60	3	USD/JPY	148.66	0.6%	Iron Ore (25-26 Average)	102.22	\$0.06
10-year	4.14	3	USD/CNY	7.1319	0.3%	Copper	10336.50	\$362.00
			RBA Policy			Equities		
			O/N Cash Rate Target		3.60	ASX200	8759	-33
			Interbank O/N Cash Rate		3.60	Dow Jones	46121	-172
Other 10-year			Probability of a 25bps Cut in Sep		0.0%	S&P500	6638	-19
Japan	1.65	0	RBA Bond Holdings (29 Aug)		A\$272.1b	Stoxx600	554	-1
Germany	2.75	0				CSI300	4566	46
UK	4.67	-1						

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

**Iron ore is the second SGX futures contract.

US stocks fell again overnight, while US Treasury yields rose and the US dollar appreciated, amid more hawkish Fed speak. San Francisco Fed President Mary Daly said that more fed funds rate cuts are 'likely', but cautioned that 'these are projections, not promises'. Meanwhile her Chicago counterpart Austan Goolsbee said that he was 'uncomfortable with overly frontloading rate cuts', assessing that labour market conditions are sound. Comments by Fed Chair Jerome Powell suggesting stocks are 'fairly highly valued' attracted some attention from investors on Wall Street.

In commodity markets, the gold price retreated from its record high but remains safely above US\$3,700 an ounce. Oil prices picked up overnight, however, as data supplied by the Energy Information Administration suggested that US crude inventories dropped last week. Iron ore futures ticked up slightly, while copper futures surged by 3.6% amid concerns over the supply from Indonesia.

In Australia, the [monthly CPI indicator](#) suggested that the annual rate of consumer price inflation increased by 0.2ppts to 3.0% in August, which was a slight surprise to market participants, who expected a rise to 2.9%. However, annual trimmed mean inflation, which is the RBA's favoured measure of underlying price growth, declined by 0.1ppts to 2.6%.

While the RBA is focussed on the more comprehensive quarterly figures, the upside surprises to some components of the August CPI indicator imply some slight upside risk to Q3 inflation, which triggered a change in the rate call of one of the 'big four' banks and some scaling back of market cash rate cut expectations overall. The market probability of a cash rate cut by November has dropped below 50%, while the expected terminal cash rate rose above 3.20% from just above 3.10% before the release.

Commonwealth bond yields rose quite significantly, especially at the front end of the yield curve. The ASX 200 dropped by 0.9% yesterday, with losses in all sectors except for energy and utilities. The Australian dollar appreciated sharply just after the CPI release, with the AUD/USD approaching US\$0.663 at one point, before retreating overnight as the US dollar appreciated. However, the Aussie dollar remains up versus the major currencies other than the greenback.

From global data releases, US new home sales bounced by 20.5% to an annualised 800k, which is the highest level since January 2022. Across the Pacific, the Japanese S&P Global composite PMI declined by 0.9pts to 51.1 in September (above 50 = expansion), with contraction in manufacturing accelerating (-1.3pts to 48.4). Services continued to expand at a similar pace to the previous month (-0.1pts to 53.0).

Economic Data Review

- AU:** Monthly CPI Indicator (YoY, Aug) – Actual 3.0%, Expected 2.9%, Previous 2.8%.
- JP:** S&P Global Composite PMI (Sep) – Actual 51.1, Previous 52.0.

Economic Data Preview

- AU:** Job Vacancies (QoQ, Q3) – Previous 2.9%.
- US:** GDP (QoQ annualised, Q2, final) – Expected 3.3%, Previous 3.3%.
- US:** Durable Goods Orders (MoM, Aug) – Expected -0.3%, Previous -2.8%.
- US:** Goods Trade Balance (Aug) – Expected -US\$96b, Previous -US\$102b.
- US:** Existing Home Sales (MoM, Aug) – Expected -1.4%, Previous 2.0%.
- US:** Initial Jobless Claims (w/e 20 Sep) – Expected 233k, Previous 231k.