

Interest Rates			FX			Commodities			
Australia		Δ bp	AUD/USD	0.6710	0.3%	WTI Crude Oil	59.52	\$0.38	
	90-day Bill	3.73	0	AUD/JPY	106.17	0.7%	Brent Crude Oil	63.94	\$0.08
	3-year Bond	4.17	3	AUD/EUR	0.5766	0.3%	Mogas95*	73.47	\$0.50
	10-year Bond	4.77	3	AUD/GBP	0.5001	0.2%	CRB Index***	302.05	0.00
			AUD/NZD	1.1583	-0.2%	Gold	4666.83	-\$10.38	
			AUD/CNY	4.6753	0.4%	Silver	93.68	\$0.44	
US			EUR/USD	1.1637	0.0%	Iron Ore (62% Fe)**	104.60	-\$1.10	
	2-year	3.59	0	USD/JPY	158.24	0.4%	Iron Ore (25-26 Average)	103.60	\$0.00
	10-year	4.26	3	USD/CNY	6.9641	-0.1%	Copper	12965.50	\$162.50
			RBA Policy			Equities			
Other 10-year			O/N Cash Rate Target		3.60	ASX200	8831	-46	
			Interbank O/N Cash Rate		3.60	Dow Jones***	49359	0	
	Japan	2.30	8	Probability of a 25bps Hike in Feb		26.9%	S&P500***	6940	0
	Germany	2.84	0	RBA Bond Holdings (31 Dec)		A\$250.2b	Stoxx600	607	-7
	UK	4.42	1				CSI300	4734	3

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

**Iron ore is the second SGX futures contract.

***No change due to a public holiday.

European and some Asian stock indices dropped last night, which was a delayed reaction to the US tariff threats on eight European countries and concerns over Chinese growth after another set of weak data. The European benchmark, the Stoxx 600, lost 1.2%, and the Japanese Nikkei fell by 0.7%, but the Chinese CSI 300 saw a slight gain of 0.1%. US investors were away for the Martin Luther King Junior Day holiday.

Despite the lacklustre global market sentiment and disappointing data from China, the Australian dollar has clawed back some of its losses. The ASX 200 retreated by 0.3% yesterday, with losses in most industries, again led by information technology. Commonwealth bond yields climbed slightly across the yield curve, remaining close to their two-year highs.

However, the weak data from China had some impact on iron ore futures, which saw a further 1.0% decline since yesterday morning, but remained above US\$100 a tonne. Oil prices were little changed overnight, while the gold price ebbed by 0.2% from its record high. At the same time, the silver price reached its new record high.

Turning to the Chinese data in detail, real GDP rose by 4.5% over the year to Q4 2025, in line with market expectations, but somewhat less than the 4.8% YoY reported for Q3. However, in the entirety of 2025, Chinese GDP picked up by 5.0%, which was precisely in line with the government's target.

Chinese activity data for December generally disappointed, with the notable exception of industrial production, which increased by 5.2% YoY against market expectations of a 5.0% YoY gain and the November result of 4.8% YoY. Steel output dropped by 10.3% YoY, reaching its lowest level in two years (68.2 million tonnes). This came as urban fixed asset investment dropped by 3.8% YoY YtD, which is the weakest outcome on record outside of COVID-19, while property investment plunged by 18.2% YoY YtD (the most on record). Retail sales growth slowed to a meagre 0.9% YoY.

At home, the Melbourne Institute inflation gauge suggested that the consumer price index rose by 1.0% in December, to be up by 3.5% through the year, the most since April 2024. Melbourne Institute inflation gauge is modelled on the official CPI basket, but the sample size is much smaller. The official CPI figures for December will be released on 28 January.

ANZ Roy Morgan consumer confidence dropped by 6.2% last week, the most in nearly three years, to be at its lowest since early 2024 amid concerns over a possible RBA cash rate hike. Confidence in the five-year economic outlook reached the lowest level in over two decades, while the 'time to buy a major household item' index reached a nine-month low. Inflation expectations picked up by 0.2ppts to 5.6%.

Economic Data Review

- **AU:** Melbourne Institute Inflation Gauge (MoM, Dec) – Actual 1.0%, Previous 0.3%.
- **CH:** GDP (YoY, Q4) – Actual 4.5%, Expected 4.5%, Previous 4.8%.
- **CH:** Retail Sales (YoY, Dec) – Actual 0.9%, Expected 1.0%, Previous 1.3%.
- **CH:** Industrial Production (YoY, Dec) – Actual 5.2%, Expected 5.0%, Previous 4.8%.
- **CH:** Urban Fixed Asset Investment (YoY YtD, Dec) – Actual -3.8%, Expected -3.1%, Previous -2.6%.

Economic Data Preview

- **UK:** Unemployment Rate (Sep-Nov) – Previous 5.1%.