

Interest Rates			FX			Commodities		
Australia		Δ bp	AUD/USD	0.6600	-0.3%	WTI Crude Oil	56.93	\$1.04
	90-day Bill	3.72	AUD/JPY	102.65	0.2%	Brent Crude Oil	59.68	\$0.76
	3-year Bond	4.08	AUD/EUR	0.5620	-0.3%	Mogas95*	72.79	\$1.35
	10-year Bond	4.73	AUD/GBP	0.4935	0.1%	CRB Index	291.69	0.00
US			AUD/NZD	1.1450	-0.1%	Gold	4342.26	\$29.47
	2-year	3.47	AUD/CNY	4.6491	-0.5%	Silver	66.32	\$2.38
	10-year	4.14	EUR/USD	1.1742	-0.1%	Iron Ore (62% Fe)**	104.20	\$1.30
			USD/JPY	155.54	0.6%	Iron Ore (25-26 Average)	103.14	\$0.01
Other 10-year			USD/CNY	7.0440	0.0%	Copper	11737.00	\$145.00
			RBA Policy			Equities		
			O/N Cash Rate Target	3.60		ASX200	8562	-3
			Interbank O/N Cash Rate	3.60		Dow Jones	47886	-228
Japan	1.98	2	Probability of a 25bps Hike in Feb	33.6%		S&P500	6721	-79
Germany	2.86	2	RBA Bond Holdings (28 Nov)	A\$250.3b		Stoxx600	580	0
UK	4.48	-4				CSI300	4580	82

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

**Iron ore is the second SGX futures contract.

Losses on Wall Street stretched into Wednesday night, taking the S&P to the lowest level in almost one month. US Treasury yields were little changed with no guidance from data releases, while the US dollar appreciated. Oil and gold prices rose as US President Donald Trump ordered a blockade of oil tankers going to and leaving Venezuela.

The Australian dollar depreciated against the US dollar and euro, but gained versus the Japanese yen and British pound. Commonwealth bond yields declined slightly yesterday, after the Mid-year Economic and Financial Outlook (MYEFO) fiscal figures came out somewhat better than initially forecast in the 2025-26 Commonwealth Budget. The ASX 200 declined by 0.2% yesterday and opened lower again this morning.

Data-wise, the UK CPI unexpectedly fell by 0.2% in November, taking the annual rate of headline consumer price inflation down to 3.2%, which is the lowest level since March. Annual core inflation also fell to 3.2%, unseen so far this year. In both cases the annual rates of inflation are still well above the Bank of England's target of 2%, but this is mainly due to the increase in energy bills and electric vehicle taxes earlier in 2025. The Bank of England will announce its monetary policy decision tonight, with a 25bps cut 95% priced in. The ECB is expected to keep their rates steady tonight.

At home, the Westpac leading index was little changed in November. Its six-month annualised growth rate, which indicates the pace of economic activity growth compared to trend in three to nine months, decelerated to 0.2% from 0.3% in the previous month.

However, the key domestic release yesterday was the 2025-26 MYEFO, with the underlying cash deficit estimated at 1.3% of GDP for 2025-26, which compares to 1.5% of GDP forecast in the 2025-26 Commonwealth budget released in June. Net debt is also expected to be lower than the forecast in June (20.1% of GDP instead of 21.5% of GDP).

The revision of fiscal measures for the current financial year reflects better-than-expected economic conditions in Australia, which boosts the revenue. GDP growth forecasts for 2025-26 remained unchanged from the Budget (2.25%), while private sector demand estimates improved (to +3.0% from 2.5%), driven by somewhat better household consumption outlook amid faster-than-expected growth in employment.

Long-term fiscal projections were virtually unchanged from the Budget, envisaging net debt at 20.3% of GDP and a roughly balanced budget in ten years.

Today will see the Western Australian Mid-year Financial Projections Statement for 2025-26.

Economic Data Review

- **AU:** Westpac Leading Index (MoM, Nov) – Actual 0.0%, Previous 0.1% (revised).
- **UK:** CPI (MoM, Nov) – Actual -0.2%, Expected 0.0%, Previous 0.4%.

Economic Data Preview

- **AU:** Western Australian Government Mid-year Financial Projections Statement (2025-26).
- **AU:** Melbourne Institute Inflation Expectations (Dec) – Previous 4.5%.
- **UK:** Bank of England Decision (Bank Rate) – Expected 3.75%, Previous 3.75%.
- **EZ:** ECB Decision (Deposit Rate) – Expected 2.00%, Previous 2.00%.
- **US:** CPI (YoY, Nov) – Expected 3.1%.
- **US:** Initial Jobless Claims (w/e 13 Dec) – Expected 225k, Previous 236k.