

Interest Rates			FX			Commodities US\$			
Australia		Δ bp	AUD/USD	0.6529	-0.1%	WTI Crude Oil	61.02	\$1.01	
	90-day Bill	3.63	-1	AUD/JPY	100.63	-0.1%	Brent Crude Oil	65.16	\$1.10
	3-year Bond	3.69	-1	AUD/EUR	0.5637	-0.3%	Mogas95*	81.02	\$1.51
	10-year Bond	4.37	-3	AUD/GBP	0.4965	0.1%	CRB Index	307.05	2.00
			AUD/NZD	1.1545	-0.2%	Gold	4141.38	\$13.55	
US			AUD/CNY	4.6483	-0.1%	Silver	51.29	\$0.68	
			EUR/USD	1.1584	0.2%	Iron Ore (62% Fe)**	102.50	\$0.75	
	2-year	3.56	-3	USD/JPY	154.12	0.0%	Iron Ore (25-26 Average)	102.98	-\$0.01
	10-year	4.08	-4	USD/CNY	7.1173	0.0%	Copper	10827.00	\$31.00
			RBA Policy			Equities			
Other 10-year			O/N Cash Rate Target		3.60	ASX200	8839	-9	
			Interbank O/N Cash Rate		3.60	Dow Jones	47928	559	
	Japan	1.69	-1	Probability of a 25bps Cut in Dec		14.1%	S&P500	6847	14
	Germany	2.66	-1	RBA Bond Holdings (31 Oct)		A\$272.1b	Stoxx600	580	7
	UK	4.39	-7				CSI300	4652	-43

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

**Iron ore is the second SGX futures contract.

The S&P 500 rose further on Tuesday, supported by optimism about the end of the US Government shutdown. Gains were recorded in all sectors except for information technology. The tech-heavy Nasdaq closed in the red last night. The US dollar depreciated, to be 0.8% off its early November high. The US Treasury yields declined this morning, after the market was closed for the Veterans Day holiday.

The bill that is meant to end the longest shutdown in US Government history has progressed to the House of Representatives, which will vote on it tonight, after which it will be signed into law by the US President. The legislation extends funding until 30 January.

Despite the optimism about the reopening of the US Government, the Australian dollar has depreciated slightly against almost all major currencies since yesterday morning, while Commonwealth bond yields declined. The ASX 200 declined by 0.2% yesterday, dragged down by heavy losses in financials, partly offset by gains in most other sectors. However, the Aussie share market opened slightly higher this morning.

In commodity markets, the gold price increased a little further overnight. Oil prices and iron ore futures prices are also a bit higher. The Simandou iron ore mining project in Guinea officially started its operations yesterday. The project is to increase to 40 million tonnes of iron ore a year in 2026 and between 80 and 120 million tonnes by 2027.

NFIB small business optimism declined by 0.6% to just 98.2 in October. This is the lowest level since April, when confidence was hit by the announcement of 'reciprocal' tariffs. 20% of small US businesses expected the economy to improve, while 60% continued to be affected by supply chain disruptions, most likely due to tariffs. Companies also reported issues with labour quality, resulting in 32% of companies being unable to fill job positions, the highest level since December 2020, while only 15% planned to expand employment in the future.

In Australia, the NAB business conditions index rose by 1 point to 9 points, the highest since May 2024. The rise was supported by better trading conditions and profitability, while employment conditions were unchanged at an equal one-year low. NAB business confidence, conversely, ebbed by 1 point to 6 points, which is close to the series average.

The NAB business report also suggested further easing in price and cost pressures. Labour costs rose at a quarterly rate of 1.5%, the least in four months, while purchase costs picked up by only 1.0%, a pace unseen since February 2021. The price increase of 0.5% was also the slowest since early 2021. However, capacity utilisation climbed to 83.4%, the highest level since April 2024, which could potentially add to inflationary pressures going forward.

Economic Data Review

- **AU:** NAB Business Conditions (Oct) – Actual 9, Previous 8.
- **AU:** NAB Business Confidence (Oct) – Actual 6, Previous 7.
- **US:** NFIB Small Business Optimism (Oct) – Actual 98.2, Expected 98.3, Previous 98.8.

Economic Data Preview

- **AU:** New Home Loans (QoQ, Q3) – Expected 2.6%, Previous 2.0%.