

Interest Rates			FX			Commodities			
Australia	90-day Bill	3.94	Δ bp	AUD/USD	0.7028	1.7%	WTI Crude Oil	62.97	\$0.53
				AUD/JPY	110.68	2.2%	Brent Crude Oil	67.40	-\$0.15
				AUD/EUR	0.5946	1.3%	Mogas95*	78.72	\$3.21
				AUD/GBP	0.5168	1.1%	CRB Index	309.51	0.15
				AUD/NZD	1.1663	0.2%	Gold	5033.40	\$311.41
				AUD/CNY	4.8672	0.8%	Silver	79.58	\$11.64
US	2-year	3.50	6	EUR/USD	1.1819	0.4%	Iron Ore (62% Fe)**	99.10	-\$1.30
				USD/JPY	157.49	0.5%	Iron Ore (25-26 Average)	103.51	-\$0.03
				USD/CNY	6.9358	0.0%	Copper	12994.00	\$91.00
				RBA Policy			Equities		
Other 10-year	Japan	2.23	4	O/N Cash Rate Target		3.85	ASX200	8844	90
				Interbank O/N Cash Rate		3.85	Dow Jones	50116	1207
				Probability of a 25bps Hike in Mar		13.3%	S&P500	6932	134
				RBA Bond Holdings (30 Jan)		A\$250.2b	Stoxx600	617	5
	UK	4.51	-4				CSI300	4644	-27

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

\*\*Iron ore is the second SGX futures contract.

US shares bounced back on Friday night, which followed solid declines during the previous session that appeared a bit excessive. The US dollar depreciated, while US Treasury yields picked up.

The Dow Jones gauge of 30 blue-chip stocks surpassed 50,000 points for the first time. The benchmark index, the S&P 500, closed just 0.7% off its record high from late January following a 2.0% surge, but remained 0.1% down for the week. The bounce was quite broad-based, led by information technology, though communication services and consumer discretionary closed lower.

The ASX 200 dropped by 2.0% on Friday, the most since early April 2025, when 'reciprocal' tariffs were first announced by US President Donald Trump. The declines were broad-based, led by real estate and information technology. Overall, the ASX 200 declined by 1.8% last week, the strongest weekly decline since mid-November last year. The Aussie share market has surged at the open this morning.

The improvement in global market sentiment over the weekend drove the Australian dollar higher, with the AUD/USD back above US\$0.70. Commonwealth bond yields followed their US equivalents higher.

In commodity markets, prices of gold and silver bounced quite considerably, by 5.1% and 14.6%, respectively. The gold price has now returned above US\$5,000 an ounce mark. Oil prices were little changed, while iron ore futures slipped slightly below US\$100 a tonne ahead of the start of the Lunar New Year next week.

From central bank news, San Francisco Fed President Mary Daly said that, while she supports the FOMC's recent decision to keep the rates on hold, she still sees one or two fed funds rate cuts this year, which is broadly consistent with the current market expectations. Fed Vice Chair Philip Jefferson sounded positive on the US inflation outlook, voicing an opinion that it can be helped by the expected acceleration of productivity growth.

Data-wise, the University of Michigan consumer confidence unexpectedly rose in February, but remained depressed at just 57.3 points (25.5% down over the year). Consumer inflation expectations dropped by 0.5ppts to 3.5% for the one-year horizon, yet saw a slight 0.1ppts uptick to 3.4% for the five- to ten-year horizon.

The University of Michigan consumer survey has been perceived as a bit less reliable since the change to online-based surveys in 2024. The Fed follows more closely the survey of consumer expectations developed by its New York branch, which will be published tonight.

The key domestic releases [this week](#) will be the household spending indicator for December later this morning, as well as the NAB business report for January and the Westpac consumer sentiment for February tomorrow. The highlights offshore will be the official US labour market figures on Wednesday (rescheduled from today), as well as US and Chinese inflation numbers, all these releases are for January.

## Economic Data Review

- **US:** University of Michigan Consumer Confidence (Feb, prel.) – Actual 57.3, Expected 55.0, Previous 56.4.

## Economic Data Preview

- **AU:** Household Spending Indicator (MoM, Dec) – Expected 0.1%, Previous 1.0%.
- **US:** New York Fed Consumer Inflation Expectations (Jan) – Previous 3.4%.