

Interest Rates			FX			Commodities US\$			
Australia		Δ bp	AUD/USD	0.6599	0.7%	WTI Crude Oil	62.40	\$0.21	
	90-day Bill	3.58	1	AUD/JPY	97.14	-0.1%	Brent Crude Oil	66.15	\$0.28
	3-year Bond	3.42	-2	AUD/EUR	0.5605	0.2%	Mogas95*	78.30	\$0.80
	10-year Bond	4.25	-5	AUD/GBP	0.4867	0.2%	CRB Index	299.40	1.63
			AUD/NZD	1.1095	-0.3%	Gold	3638.44	\$49.99	
			AUD/CNY	4.7007	0.6%	Silver	41.34	\$0.48	
US			EUR/USD	1.1773	0.6%	Iron Ore (62% Fe)**	105.40	\$1.05	
	2-year	3.49	-3	USD/JPY	147.21	-0.9%	Iron Ore (25-26 Average)	101.28	\$0.10
	10-year	4.04	-6	USD/CNY	7.1298	0.0%	Copper	9915.00	\$17.50
			RBA Policy			Equities			
Other 10-year			O/N Cash Rate Target		3.60	ASX200	8815	-31	
			Interbank O/N Cash Rate		3.60	Dow Jones	45515	114	
	Japan	1.55	-3	Probability of a 25bps Cut in Sep		12.0%	S&P500	6495	14
	Germany	2.64	-2	RBA Bond Holdings (29 Aug)		A\$272.1b	Stoxx600	552	3
	UK	4.61	-4				CSI300	4468	8

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

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

US equities traded in a narrow range overnight before closing a little higher, with information technology being the best performing sector. The Nasdaq Composite closed at a record high. Treasury yields fell again, and the US dollar weakened further, as traders remain confident that the Fed will cut interest rates next week and continue cutting at the following FOMC meetings in October and December.

Expectations for Fed rate cuts could be further fuelled by the release tonight of the preliminary estimate of the annual benchmark revision of nonfarm payrolls for the 12 months to March 2025. The revision is expected to see payrolls for the period revised down. The final benchmark revision will be incorporated into the data with the release of the January 2026 employment report in February 2026.

Equities also gained across most of the Asia-Pacific region, led by Japan. The Aussie market was one of the exceptions, with the ASX 200 down by 0.2% on the day, before opening lower again this morning. The Australian dollar rose against almost all the major currencies, except the Japanese yen, and is close to breaking through US\$0.66 for the first time since late July. Aussie bond yields opened lower this morning following positive sessions for bonds in the US and Europe.

European shares also rose despite French Prime Minister Francois Bayrou losing the confidence vote in the National Assembly by 364-194, although the result was expected. The PM called the vote to stare down opposition to his plans to reduce the French Government budget deficit from 5.8% of GDP in 2024 to a still hefty 4.6% next year. Instead, it has led to the collapse of yet another French government and thrown the outlook for French public sector finances into disarray. The European bond market shrugged off the turmoil with yields falling across the continent, including France.

Falling bond yields and expectations for Fed interest rate cuts saw gold climb to fresh record highs and jump to over A\$5,500 an ounce for the first time. Iron ore futures prices rose to the highest levels in over six weeks, boost by news China imported 105.2 million tonnes of iron ore in August, the second highest monthly total this year. Oil prices picked up a little after falling to three-month lows on Friday.

Chinese exports increased by 0.1% in August following a 1.0% decline the previous month to be up 4.4% YoY, while imports slipped 1.8% in the month after jumping 6.2% in July. Annual growth in imports slowed to 1.3% YoY. The trade surplus climbed to US\$102.3b. The trade surplus with the US fell US\$3.4b to US\$20.3b in August and has averaged US\$22.7b since March after averaging US\$30b in 2024. China had an estimated US\$3.85b trade deficit with Australia in August.

## Economic Data Review

- **CH:** Trade Surplus (Aug) – Actual US\$102.3b, Expected US\$99.5b, Previous US\$98.2b.

## Economic Data Preview

- **AU:** Westpac-Melbourne Institute Consumer Sentiment (MoM, Sep) – Previous 5.7%.
- **AU:** NAB Business Conditions Index (Aug) – Previous 5.
- **AU:** NAB Business Confidence Index (Aug) – Previous 7.
- **US:** NFIB Small Business Optimism Index (Aug) – Previous 100.3.