

Interest Rates			FX			Commodities		
Australia		Δ bp	AUD/USD	0.6710	0.4%	WTI Crude Oil	58.15	\$0.73
90-day Bill	3.75	1	AUD/JPY	105.17	0.1%	Brent Crude Oil	61.76	\$0.83
3-year Bond	4.15	-5	AUD/EUR	0.5727	0.3%	Mogas95*	72.28	\$0.49
10-year Bond	4.78	-5	AUD/GBP	0.4959	-0.3%	CRB Index	302.72	4.90
			AUD/NZD	1.1600	0.0%	Gold	4440.57	\$53.33
			AUD/CNY	4.6922	0.3%	Silver	76.31	\$1.39
US			EUR/USD	1.1714	0.1%	Iron Ore (62% Fe)**	105.60	\$0.30
2-year	3.46	-2	USD/JPY	156.74	-0.2%	Iron Ore (25-26 Average)	103.32	\$0.06
10-year	4.17	-3	USD/CNY	6.9886	0.0%	Copper	12991.50	\$522.00
			RBA Policy			Equities		
			O/N Cash Rate Target		3.60	ASX200	8681	-49
			Interbank O/N Cash Rate		3.60	Dow Jones	48977	595
Other 10-year			Probability of a 25bps Hike in Feb		31.4%	S&P500	6902	44
Japan	2.11	0	RBA Bond Holdings (31 Dec)		A\$250.2b	Stoxx600	602	6
Germany	2.87	-3				CSI300	4718	88
UK	4.51	-3						

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

**Iron ore is the second SGX futures contract.

US equities had their best day in two weeks, with the Dow Jones index closing at a record high. The gains were led by energy shares which were lifted by news of the US strikes on Venezuela and the capture of its president as traders anticipate increased access to Venezuelan oil for US oil companies.

US Treasury yields fell ahead of the release of some important US economic data this week, including employment. The US dollar slipped as the Japanese yen and British pound strengthened, with the pound hitting its highest level against the greenback since September last year.

European shares shook off news of the US military action in Venezuela and renewed calls from US President Trump that the US should take control of Greenland, with the Stoxx 600 closing a fresh all-time high. Asia-Pacific equities also had a positive session, with most of the major markets recording strong gains.

The Australian share market closed flat yesterday and has slipped back after a positive start this morning. Commonwealth bond yields fell yesterday and opened lower again today. The Aussie dollar rose against the big dollar, the euro and the Japanese yen, but is down a little against the stronger pound sterling.

Oil prices pushed higher amid uncertainty over the near-term impact on supply of the US strikes on Venezuela, but remain not far from post-pandemic lows. Gold and silver prices jumped amid geopolitical uncertainty. Copper rose to a fresh record high on mounting concerns over future shortages and the possibility of US import tariffs.

The RatingDog Chinese services PMI edged down 0.1pt to 52.0 in December (above 50 = expansion), suggesting a marginally slower rate of activity growth. New orders growth slowed to six-month lows while new export orders fell. Input prices continued to increase which, along with a renewed fall in selling prices, squeezed profit margins. Employment contracted for the fifth month in a row. Despite all this, confidence about conditions in the year ahead rose to a nine-month high.

In the US, the ISM manufacturing PMI fell 0.3pts to 47.9 in December, indicating a slightly faster pace of contraction. The index has been below 50 for 10 consecutive months. New orders fell for the fourth month in a row, while the employment subindex has been in contraction for 11 months. The prices paid index was steady at 58.5, which is close to the 20-year average. Increases in steel and aluminium prices, along with tariffs imposed on many imported goods, were cited as major drivers of input price growth.

Economic Data Review

- **CH:** RatingDog Services PMI (Dec) – Actual 52.0, Expected 52.0, Previous 52.1.
- **US:** ISM Manufacturing PMI (Dec) – Actual 47.9, Expected 48.4, Expected 48.2.

Economic Data Preview

There is no major market moving data due for release in the next 24 hours.