

| Interest Rates | | | FX | | Commodities | | | |
|----------------------|------|------|------------------------------------|-----------|-------------|--------------------------|----------|-----------|
| Australia | | Δ bp | AUD/USD | 0.6997 | 1.2% | WTI Crude Oil | 62.59 | \$1.77 |
| 90-day Bill | 3.81 | 0 | AUD/JPY | 106.73 | 0.1% | Brent Crude Oil | 67.57 | \$1.98 |
| 3-year Bond | 4.32 | 2 | AUD/EUR | 0.5820 | 0.0% | Mogas95* | 76.01 | \$2.75 |
| 10-year Bond | 4.86 | 3 | AUD/GBP | 0.5062 | 0.1% | CRB Index | 317.58 | 2.47 |
| | | | AUD/NZD | 1.1607 | 0.2% | Gold | 5166.08 | \$121.00 |
| | | | AUD/CNY | 4.8523 | 0.7% | Silver | 112.63 | \$5.34 |
| US | | | EUR/USD | 1.2019 | 1.2% | Iron Ore (62% Fe)** | 103.45 | -\$0.15 |
| 2-year | 3.56 | -3 | USD/JPY | 152.52 | -1.1% | Iron Ore (25-26 Average) | 103.60 | \$0.00 |
| 10-year | 4.24 | 1 | USD/CNY | 6.9546 | 0.0% | Copper | 13006.50 | -\$192.50 |
| RBA Policy | | | Equities | | | | | |
| | | | O/N Cash Rate Target | 3.60 | ASX200 | 8946 | -14 | |
| | | | Interbank O/N Cash Rate | 3.60 | Dow Jones | 49003 | -409 | |
| Other 10-year | | | Probability of a 25bps Hike in Feb | 60.5% | S&P500 | 6979 | 28 | |
| Japan | 2.27 | 0 | RBA Bond Holdings (31 Dec) | A\$250.2b | Stoxx600 | 613 | 4 | |
| Germany | 2.88 | 1 | | | CS300 | 4706 | -1 | |
| UK | 4.53 | 3 | | | | | | |

*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 saw another modest gain last night, ahead of the FOMC decision due tomorrow morning. No rate changes are expected, but investors will be closely following the press conference, where tensions between the Fed and the White House may resurface. The US dollar depreciated sharply, making it the weakest since March 2022.

The Australian dollar appreciated against all the major currencies except for the euro. The AUD/USD briefly surpassed US\$0.70 for the first time since early 2023 and is just slightly below that level at the time of writing. Commonwealth bond yields rose slightly across the yield curve ahead of the CPI report later this morning. The ASX 200 rose by 0.9% yesterday, with gains in all industries except for real estate and information technology.

In commodity markets, prices of gold and silver reached their respective record highs, as anxiety ahead of the Fed and the depreciation of the US dollar met the news of the arrival of a US aircraft carrier in the Middle East, which refuelled speculation about an attack on Iran. Oil futures rose by around 3.0% overnight. Iron ore futures ebbed by 0.1%.

Data-wise, Conference Board consumer confidence dropped by 10.3% to just 84.5 in January, which is the lowest level since 2014. The decline was recorded for both the present situation and expectations. The difference between 'jobs plentiful' and 'jobs hard to get' narrowed to just 3.1 points, the lowest since February.

From more dated releases, the Case-Shiller house price index for 20 major US cities rose by 0.5% in November, the most in nearly a year, and remained 1.4% up through the year.

NAB business conditions rose by 2 points to 9 points in December, supported by improvement in trading conditions and profitability, while employment remained unchanged at a moderate level. Business confidence also ticked up by 1 point, from the upwardly revised 2 points in November (originally 1 point). Capacity utilisation eased by 0.3ppts to 83.2% in December, which is still around 2ppts above the long-run average.

The NAB business survey also pointed to a slight increase in cost and price pressures in the Australian business sector towards the end of 2025. Quarterly growth in labour costs accelerated by 0.3ppts to 1.8%, while the quarterly growth rate in purchase costs ticked up by 0.1ppts to 1.4%. Quarterly prices paid inflation rose by 0.3ppts to 0.9%. In all cases, these were the fastest rates of growth in three months.

ANZ Roy Morgan consumer confidence jumped by 5.9% last week, but remained below the 2025 average, supported by an improvement in perception of the current state of households' finances and economic situation following the bumper labour force survey results for December. Inflation expectations declined back by 0.2ppts to 5.4%.

Economic Data Review

- **AU:** NAB Business Conditions (Jan) – Actual 9, Previous 7.
- **AU:** NAB Business Confidence (Jan) – Actual 3, Previous 2 (revised).
- **AU:** ANZ Roy Morgan Consumer Confidence (w/e 24 Jan) – Actual 84.0, Previous 79.3.
- **US:** Case-Shiller House Price Index 20 Cities (MoM, Nov) – Actual 0.5%, Expected 0.2%, Previous 0.4% (revised).
- **US:** Conference Board Consumer Confidence (Jan) – Actual 84.5, Expected 90.0, Previous 94.2 (revised).

Economic Data Preview

- **AU:** CPI (YoY, Dec) – Expected 3.6%, Previous 3.4%.
- **US:** FOMC Decision (IoER) – Expected 3.60%, Previous 3.60%.