

Interest Rates			FX			Commodities			
Australia		Δ bp	AUD/USD	0.7091	-0.5%	WTI Crude Oil	62.92	-\$2.00	
	90-day Bill	3.96	0	AUD/JPY	108.44	-0.8%	Brent Crude Oil	67.52	-\$1.88
	3-year Bond	4.26	-5	AUD/EUR	0.5975	-0.5%	Mogas95*	76.15	-\$3.33
	10-year Bond	4.73	-6	AUD/GBP	0.5207	-0.5%	CRB Index	306.23	-4.36
			AUD/NZD	1.1752	-0.2%	Gold	4939.32	-\$119.17	
			AUD/CNY	4.8936	-0.8%	Silver	75.82	-\$6.61	
US			EUR/USD	1.1869	0.0%	Iron Ore (62% Fe)**	99.60	-\$1.00	
	2-year	3.46	-5	USD/JPY	152.92	-0.3%	Iron Ore (25-26 Average)	103.42	-\$0.03
	10-year	4.10	-8	USD/CNY	6.9017	-0.2%	Copper	12875.50	-\$291.00
			RBA Policy			Equities			
Other 10-year			O/N Cash Rate Target		3.85	ASX200	8944	-115	
			Interbank O/N Cash Rate		3.85	Dow Jones	49452	-669	
	Japan	2.19	-2	Probability of a 25bps Hike in Mar		8.9%	S&P500	6833	-109
	Germany	2.78	-1	RBA Bond Holdings (30 Jan)		A\$250.2b	Stoxx600	619	-3
	UK	4.45	-2				CSI300	4720	6

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

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

Concerns over excessive valuations in tech companies and overinvestment in artificial intelligence returned to Wall Street last night, dragging the S&P 500 1.6% lower. The tech-heavy Nasdaq dropped by 2.1%, while the Dow Jones lost 1.3%. US Treasury yields fell further, while the US dollar held steady.

The weaker global market sentiment and a decline in commodity prices were reflected in the depreciation of the Australian dollar, though the AUD/USD remains somewhat above the US\$0.70 mark. Commonwealth bond yields followed their US equivalents lower. The ASX 200 opened sharply down this morning, after closing 0.3% higher yesterday despite losses in most sectors led by information technology.

In commodity markets, the gold price slid below US\$5,000 an ounce. Oil prices also saw a considerable decline of around 3%, as US President Donald Trump signalled that he preferred to continue talks with Iran rather than strike it. Iron ore futures declined to US\$100 a tonne.

Data-wise, US initial jobless claims declined insignificantly to 227k last week, while continued claims ticked up to 1,862k in the week ending 31 January, which is roughly the same as a month ago.

Across the Atlantic, UK GDP rose by 0.1% in Q4, the same as in the previous quarter, but slightly less than the 0.2% expected. The small downside surprise was due to slower-than-expected growth in government spending and an unexpected decline in investment. The contribution from net exports was also negative.

At home, the Melbourne Institute consumer inflation expectations rose back to 5.0% in February, which is the highest level since mid-2025.

RBA Governor Michele Bullock and Assistant Governor Sarah Hunter appeared publicly yesterday, with neither bringing any groundbreaking news, instead sticking to the same consistent narrative from just after the cash rate hike last week.

In her testimony before a Senate committee, Governor Bullock stressed that the upswing in inflation in late 2025 and the resultant recent cash rate hike were, among others, a result of stronger-than-expected economic growth and slightly tighter labour market conditions.

Assistant Governor Hunter focussed on the latter in her presentation in Perth yesterday, citing a number of indicators confirming the view of slight tightness in the labour market. She also echoed earlier comments from RBA officials that the central bank was caught by surprise by the resilience of the global economy, financial conditions appearing expansionary and excess capacity in the domestic economy.

### Economic Data Review

- **AU:** Melbourne Institute Inflation Expectations (Feb) – Actual 5.0%, Previous 4.6%.
- **UK:** GDP (QoQ, Q4) – Actual 0.1%, Expected 0.2%, Previous 0.1%.
- **US:** Initial Jobless Claims (w/e 7 Feb) – Actual 227k, Expected 224k, Previous 232k (revised).

### Economic Data Preview

- **US:** CPI (MoM, Jan) – Expected 2.7%, Actual 3.1%.