

| Interest Rates | | | | FX | | | Commodities | | |
|----------------|--------------|------|-------------------------|------------------------------------|--------|---------------------|--------------------------|-----------|---------|
| Australia | | Δ bp | AUD/USD | 0.6913 | -1.3% | WTI Crude Oil | 62.44 | -\$2.05 | |
| | 90-day Bill | 3.93 | -1 | AUD/JPY | 108.35 | -1.4% | Brent Crude Oil | 67.55 | -\$1.91 |
| | 3-year Bond | 4.27 | -8 | AUD/EUR | 0.5871 | -1.0% | Mogas95* | 75.51 | -\$2.60 |
| | 10-year Bond | 4.79 | -8 | AUD/GBP | 0.5113 | -0.3% | CRB Index | 309.36 | -3.57 |
| US | | | AUD/NZD | 1.1641 | -0.2% | Gold | 4721.99 | -\$295.26 | |
| | | | AUD/CNY | 4.8292 | -0.4% | Silver | 67.93 | -\$21.84 | |
| | | | EUR/USD | 1.1774 | -0.2% | Iron Ore (62% Fe)** | 100.40 | -\$1.00 | |
| | 2-year | 3.43 | -12 | USD/JPY | 156.75 | -0.1% | Iron Ore (25-26 Average) | 103.54 | -\$0.03 |
| 10-year | 4.17 | -11 | USD/CNY | 6.9384 | -0.1% | Copper | 12903.00 | -\$141.50 | |
| Other 10-year | | | RBA Policy | | | Equities | | | |
| | | | O/N Cash Rate Target | | 3.85 | ASX200 | 8754 | -158 | |
| | | | Interbank O/N Cash Rate | | 3.85 | Dow Jones | 48909 | -593 | |
| | Japan | 2.19 | -7 | Probability of a 25bps Hike in Mar | | 8.9% | S&P500 | 6798 | -84 |
| | Germany | 2.84 | -2 | RBA Bond Holdings (30 Jan) | | A\$250.2b | Stoxx600 | 612 | -6 |
| | UK | 4.56 | 1 | | | | CSI300 | 4670 | -28 |

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

**Iron ore is the second SGX futures contract.

The sell-off on Wall Street accelerated and broadened last night, which followed losses across Europe and the Asia-Pacific region. The tech sector continued to record solid losses, on further concerns that investment in artificial intelligence might be overdone. The S&P 500 dropped by 1.2%, while the tech-heavy Nasdaq lost 1.6%.

US Treasury yields dropped sharply overnight, as fed funds rate cut expectations intensified after the downside surprise to the JOLTS job openings figures. The US dollar appreciated a bit more but remains weak.

The ASX 200 closed 0.4% lower yesterday, with strong declines in materials and energy partly offset by gains in most other sectors. The Aussie share market opened sharply lower this morning.

The Australian dollar was hit by a deterioration in global market sentiment and lower commodity prices, depreciating against all major currencies. Commonwealth bond yields declined in concert with their US equivalents this morning.

The US JOLTS job openings unexpectedly dropped to just 6,542k in December, while the November figures were revised downwards (from 7,146k to 6,928k). Job openings are now 961k below the number of officially unemployed in the US. Outside of COVID-19, this is the weakest outcome since 2017. A separate set of figures showed that US initial jobless claims rose to a one-month high of 231k.

At home, the Aussie **goods trade balance** rose to a moderate A\$3.4b, amid a 1.0% rise in exports and a 0.8% decline in imports. Iron ore exports led the increase in exports and remained solid, while gold exports – despite easing somewhat – were still elevated by historical standards.

From central bank news, in a speech released ahead of the JOLTS figures, Fed Governor Lisa Cook stated that risks are 'tilted towards higher inflation' in the US and that her focus will remain on price growth until it decelerates sustainably towards the goal. In a later appearance, however, she expressed some concerns about the 'K-shaped' US economy. Atlanta Fed President Raphael Bostic also focused on the inflation side of the Fed's mandate, saying that – in his opinion – it has been 'too high for too long'.

The ECB and the Bank of England both left their policy rates unchanged overnight, at 2.00% and 3.75% respectively.

The RBA Governor, Michele Bullock, is testifying before the House of Representatives Standing Committee on Economics at the time of writing. In her introductory statement, she reiterated all the key points from Tuesday, stressing that part of the upside surprise to inflation came from capacity pressures and that the cash rate before this week's hike could have been below the neutral level. At the time of closing the daily, the hearing had also focused on the resilience of the global economy to tariff policies, increased spending on data centres that is driving aggregate business investment higher and the role of public spending in capacity pressures.

Economic Data Review

- **AU:** Goods Trade Balance (Dec) – Actual A\$3.4b, Expected A\$3.5b, Previous A\$2.6b (revised).
- **US:** JOLTS Job Openings (Dec) – Actual 6,542k, Expected 7,250k, Previous 6,928k.
- **US:** Initial Jobless Claims (w/e 31 Jan) – Actual 231k, Expected 212k, Previous 209k.

Economic Data Preview

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