

Interest Rates			FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.6508	0.4%	WTI Crude Oil	59.92	\$0.26
90-day Bill	3.64	1	AUD/JPY	100.09	0.9%	Brent Crude Oil	63.76	\$0.38
3-year Bond	3.68	5	AUD/EUR	0.5633	0.3%	Mogas95*	78.63	-\$0.17
10-year Bond	4.38	5	AUD/GBP	0.4951	0.3%	CRB Index	300.91	0.04
			AUD/NZD	1.1559	0.5%	Gold	4015.98	\$23.43
			AUD/CNY	4.6188	0.1%	Silver	48.57	\$0.33
US			EUR/USD	1.1555	0.1%	Iron Ore (62% Fe)**	101.40	-\$1.25
2-year	3.59	2	USD/JPY	153.79	0.5%	Iron Ore (25-26 Average)	102.99	-\$0.03
10-year	4.13	3	USD/CNY	7.1221	0.0%	Copper	10716.50	\$34.00
			RBA Policy			Equities		
			O/N Cash Rate Target		3.60	ASX200	8807	-27
Other 10-year			Interbank O/N Cash Rate		3.60	Dow Jones	46987	75
Japan	1.70	2	Probability of a 25bps Cut in Dec		14.1%	S&P500	6729	8
Germany	2.67	2	RBA Bond Holdings (31 Oct)		A\$272.1b	Stoxx600	565	-3
UK	4.47	3				CSI300	4679	-15

*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 was shaping up for another decline on Friday, but clawed back its losses late in the session amid hopes for a deal to end the US government shutdown. This came as US Senate Democratic leader, Chuck Schumer offered to vote in favour of a funding bill that would end the shutdown in exchange for a one-year extension of health insurance tax credits.

After the market close, the Democrats' offer was rejected by the Republicans. However, the US Senate held a rare weekend session, which aimed at ending the shutdown, and there were tentative signs of progress in talks at the time of writing. US equity futures point to a positive open on Wall Street tonight.

The US government shutdown has now stretched for 40 days, making it the longest on record. The first Friday of the month would normally have seen the US non-farm payrolls report, but it was not released for the second month in a row, and this time the data was not even collected.

The Australian dollar benefited from the brief improvement in market sentiment, appreciating against the greenback and Japanese yen. Commonwealth bond yields were little changed over the weekend. The ASX 200 opened higher this morning, but this followed a 0.7% loss on Friday.

In commodity markets, iron ore futures dropped by 1.4% on Friday, despite Chinese trade data showing that October was another strong month for iron ore imports. Oil prices were little changed, while the gold price ticked up to above US\$4,000 an ounce.

The Chinese trade surplus was little changed at US\$90.6b in October. Exports slumped 7.0% in US dollar terms in the month (-1.1% YoY), however this was offset by a 9.5% drop in imports (+1.0% YoY). However, the monthly declines were likely exaggerated by the National Day holiday over the first week of the month. Iron ore imports fell by 4.3% to a still strong 111 million tonnes after hitting a record high in September. By destination, exports to the US dropped by 24.9% YoY, while exports to ASEAN rose by 11.5% YoY. This shows ongoing, albeit slower trade diversion due to tariffs.

The annual rate of Chinese CPI inflation turned positive in October, with a rise of 0.2% over the year. Annual core inflation picked up by 0.2ppts to 1.0%, while the decline in food prices slowed to 2.9% YoY from 4.4% YoY in the previous month. Deflation in producer prices also slowed by 0.2ppts to 2.1% YoY.

Coming to [this week](#), the key domestic releases will be Westpac-Melbourne Institute consumer sentiment for November and NAB business report for October tomorrow, and labour force survey results for October on Thursday. A quiet week offshore, with Chinese economic activity figures for October on Friday being the only potentially market-moving release.

Economic Data Review

- **CH:** Trade Balance (Oct) – Actual US\$90.1b, Expected US\$96.9b, Previous US\$90.5b.
- **CH:** CPI (YoY, Oct) – Actual 0.2%, Expected -0.1%, Previous -0.3%.
- **CH:** PPI (YoY, Oct) – Actual -2.1%, Expected -2.2%, Previous -2.3%.

Economic Data Preview

No market-moving data.