

Interest Rates			FX			Commodities		
Australia		Δ bp	AUD/USD	0.7059	-0.6%	WTI Crude Oil	66.25	\$0.30
90-day Bill	3.99	-1	AUD/JPY	109.25	-0.4%	Brent Crude Oil	71.49	\$0.24
3-year Bond	4.24	-3	AUD/EUR	0.5985	-0.4%	Mogas95*	81.02	\$0.56
10-year Bond	4.70	-4	AUD/GBP	0.5230	-0.4%	CRB Index	310.14	-0.88
			AUD/NZD	1.1845	0.0%	Gold	5228.69	\$90.12
			AUD/CNY	4.8870	0.3%	Silver	87.63	\$1.04
US			EUR/USD	1.1795	-0.3%	Iron Ore (61% Fe)**	95.90	\$0.20
2-year	3.44	-3	USD/JPY	154.77	0.3%	Iron Ore (25-26 Average)	103.09	-\$0.05
10-year	4.04	-5	USD/CNY	6.9049	0.0%	Copper	12868.50	-\$95.50
			RBA Policy			Equities		
			O/N Cash Rate Target	3.85		ASX200	9020	-37
			Interbank O/N Cash Rate	3.85		Dow Jones	48804	-822
Other 10-year			Probability of a 25bps Hike in Mar	13.3%		S&P500	6838	-72
Japan	2.07	-5	RBA Bond Holdings (30 Jan)	A\$250.2b		Stoxx600	628	-3
Germany	2.71	-3				CSI300***	4660	0
UK	4.31	-4						

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

**Iron ore is the second SGX futures contract.

US stocks started the trading week with quite considerable declines, while US Treasury yields fell and the US dollar appreciated, as concerns over tariffs, geopolitics and the sustainability of the artificial intelligence boom resurfaced.

The declines in the US followed losses in Europe and gains in most of the Asia-Pacific region. The ASX 200 declined by 0.6% yesterday, despite a quite positive start. All sectors except materials, industrials and consumer staples saw losses, which were led by information technology. The Aussie share market opened slightly higher this morning.

The Australian dollar was hit by weaker global market sentiment, weakening against all major currencies, with the strongest depreciation against the US dollar. Commonwealth bond yields declined slightly less than their US equivalents.

In commodity markets, the gold price rose further, to be just 3.3% below its record high from late January. Oil prices also saw slight increases amid the high probability of a US attack on Iran, with press reports of a partial evacuation of US embassy staff in Beirut.

Iron ore futures ticked up by 0.2%, but remain at around the lowest levels since mid-2025. The 2025-26 average price of US\$103.1 a tonne to date remains above the forecast by the Western Australian Department of Treasury for the current financial year (US\$96.6 a tonne). The recent decline in iron ore prices results from concerns over the high level of stockpiles of this commodity in Chinese ports.

Speaking overnight, Fed Governor Christopher Waller said that the solid labour market report for January means the next FOMC vote will be a 'close to a coin flip'. He added that his own measure of underlying inflation ('without tariffs') should be around the FOMC's goal of 2%. The US Supreme Court's decision to deem emergency act tariffs illegal, and the subsequent decision to introduce a flat 15% rate, did not affect Governor Waller's broader view of the economy and the monetary policy outlook.

Data-wise, the Chicago Fed national activity index, which is a weighted average of 85 economic indicators, turned positive in January for the first time since mid-2025, suggesting above-trend growth in US economic activity.

At home, the ANZ Roy Morgan consumer sentiment rose by 4.0% last week, almost fully reversing a decline around the February RBA cash rate hike. Consumer inflation expectations declined back to 5.2%.

Economic Data Review

- **AU:** ANZ Roy Morgan Consumer Sentiment (w/e 21 Feb) – Actual 80.2, Previous 77.1.
- **US:** Chicago Fed National Activity Index (Jan) – Actual 0.18, Expected 0.01, Previous -0.21.

Economic Data Preview

- **CH:** PBoC Announcement (Five-year Loan Prime Rate) – Expected 3.50%, Previous 3.50%.
- **US:** Case-Shiller House Price Index 20 Cities (MoM, Dec) – Expected 0.3%, Previous 0.5%.
- **US:** Conference Board Consumer Confidence (Feb) – Expected 87.0, Expected 84.5.