

| Interest Rates |              |      |                         | FX                                 |        |                     | Commodities              |          |          |
|----------------|--------------|------|-------------------------|------------------------------------|--------|---------------------|--------------------------|----------|----------|
| Australia      |              | Δ bp | AUD/USD                 | 0.6985                             | 0.3%   | WTI Crude Oil       | 90.86                    | -\$0.30  |          |
|                | 90-day Bill  | 4.78 | 1                       | AUD/JPY                            | 110.47 | 0.4%                | Brent Crude Oil          | 103.56   | -\$0.29  |
|                | 3-year Bond  | 4.90 | 0                       | AUD/EUR                            | 0.6233 | 0.4%                | Mogas95*                 | 131.12   | \$0.71   |
|                | 10-year Bond | 5.33 | 0                       | AUD/GBP                            | 0.5275 | 0.3%                | CRB Index                | 414.73   | 0.39     |
|                |              |      | AUD/NZD                 | 1.2441                             | 0.2%   | Gold                | 4189.87                  | \$47.12  |          |
|                |              |      | AUD/CNY                 | 4.6739                             | 0.2%   | Silver              | 60.94                    | \$1.39   |          |
| US             |              |      | EUR/USD                 | 1.1206                             | -0.1%  | Iron Ore (61% Fe)** | 91.35                    | \$0.40   |          |
|                | 2-year       | 4.79 | 3                       | USD/JPY                            | 158.15 | 0.1%                | Iron Ore (26-27 Average) | 96.55    | -\$0.07  |
|                | 10-year      | 5.24 | 0                       | USD/CNY                            | 6.6927 | -0.2%               | Copper                   | 14540.00 | \$231.00 |
|                |              |      | RBA Policy              |                                    |        | Equities            |                          |          |          |
| Other 10-year  |              |      | O/N Cash Rate Target    |                                    | 4.60   | ASX200              | 8764                     | 67       |          |
|                |              |      | Interbank O/N Cash Rate |                                    | 4.60   | Dow Jones           | 51655                    | 423      |          |
|                | Japan        | 3.02 | -3                      | Probability of a 25bps Hike in Nov |        | 28.9%               | S&P500                   | 7812     | 46       |
|                | Germany      | 3.48 | -1                      | RBA Bond Holdings (30 Sep)         |        | A\$214.7b           | Stoxx600                 | 632      | 6        |
|                | UK           | 5.44 | -4                      |                                    |        |                     | CSI300                   | 4317     | 7        |

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

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

US equities ended last week on a positive note, with the S&P 500 rising for the first time in three days. Consumer discretionary, health care and information technology made the largest contributions to the gain. The US yield curve flattened, with the two-year yield rising as higher oil prices fuelled expectations of Fed interest rate hikes. The 10-year yield traded within a narrow range before closing almost unchanged. Middle East tensions pushed oil and gold prices higher.

However, oil prices tumbled this morning amid comments from US President Trump that Russia and Ukraine had agreed to cease attacks on energy infrastructure. The claim follows news from the US President on Friday of a deal with the Kremlin for Russia to release diesel onto global markets to bring down prices.

European share markets also broke a two-day losing streak on Friday, with the Stoxx 600 posting a solid 1% rise, partly driven by lower bond yields. Yields had risen strongly through most of the week on escalating concerns about the outlook for European government finances, with France at the epicentre. Asia-Pacific shares were mixed: Japan's Nikkei 225 was almost unchanged, markets in mainland China and Hong Kong closed higher, while South Korean and Taiwanese markets were dragged lower by major chipmakers.

At home, the ASX 200 also ended the week higher after falling over the previous two days. The gain was led by financial and consumer discretionary shares, despite three of the four major banks ending the day flat or lower. The market has opened higher this morning.

Australian bond yields rose on Friday before retracing to close almost unchanged. Yields initially climbed this morning following early volatility in oil prices before quickly falling back. The Australian dollar strengthened against all major currencies amid improved financial market sentiment and higher commodity prices.

In the US, the University of Michigan consumer sentiment index fell 1.8pts to 46.3 in October, close to the 70-year low of 44.8 recorded in May. One-year inflation expectations edged up 0.1ppts to a five-month high of 4.7%, while longer-run expectations, which are more important for monetary policy, rose to 3.5%, remaining below the May peak of 3.9%.

The key domestic releases this week are the NAB business survey on Tuesday and the labour force survey on Thursday, both covering September. The minutes of the RBA Monetary Policy Board's September meeting will also be released on Tuesday.

Offshore highlights include US and Chinese inflation data, US retail sales and industrial production reports, and Chinese trade data, all for September.

The US earnings season begins this week, with several major banks reporting alongside TSMC, the world's largest semiconductor manufacturer.

## Economic Data Review

- **US:** University of Michigan Consumer Sentiment (Oct, prel) – Actual 46.3, Expected 47.6, Previous 48.1.

## Economic Data Preview

- *No Major Market Moving Data due for release.*