

Interest Rates			FX			Commodities		
Australia		Δ bp	AUD/USD	0.7071	-0.3%	WTI Crude Oil	62.89	-\$0.03
90-day Bill	3.96	0	AUD/JPY	108.20	-0.2%	Brent Crude Oil	67.76	\$0.24
3-year Bond	4.25	-1	AUD/EUR	0.5960	-0.3%	Mogas95*	75.97	-\$0.18
10-year Bond	4.71	-2	AUD/GBP	0.5182	-0.5%	CRB Index	306.54	0.31
			AUD/NZD	1.1725	-0.2%	Gold	5017.91	\$78.59
			AUD/CNY	4.8889	-0.1%	Silver	76.44	\$0.62
US			EUR/USD	1.1864	0.0%	Iron Ore (62% Fe)**	97.10	-\$2.50
2-year	3.41	-5	USD/JPY	153.02	0.1%	Iron Ore (25-26 Average)	103.36	-\$0.06
10-year	4.05	-5	USD/CNY	6.9049	0.0%	Copper	12881.00	\$5.50
			RBA Policy			Equities		
Other 10-year			O/N Cash Rate Target	3.85		ASX200	8933	-12
Japan	2.21	1	Interbank O/N Cash Rate	3.85		Dow Jones	49501	49
Germany	2.76	-2	Probability of a 25bps Hike in Mar	8.9%		S&P500	6836	3
UK	4.42	-4	RBA Bond Holdings (30 Jan)	A\$250.2b		Stoxx600	618	-1
						CSI300	4660	-59

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

**Iron ore is the second SGX futures contract.

Wall Street ended the choppy trading week slightly higher, as a downside surprise in US headline inflation strengthened the case for a continuation of monetary policy easing by the Fed. US Treasury yields fell further, but the US dollar was steady. The markets now expect at least two more fed funds rate cuts later this year, with the first fully priced in for July.

The Australian dollar depreciated against all the major currencies, but the AUD/USD remains somewhat above US\$0.70. Commonwealth bond yields climbed on Friday but opened lower this morning following the decline in US Treasury yields. The ASX 200 dropped by 1.4% on Friday, though it still managed to register a 2.4% weekly gain. Friday's losses were quite broad-based and again led by information technology. The Aussie share market opened higher this morning.

In commodity markets, the intensification of fed funds rate cut expectations drove the prices of gold and silver higher. Oil prices were mixed, while iron ore futures prices slipped as traders adjusted their positions ahead of the Chinese New Year holiday.

The US CPI rose by 0.2% in January, slightly less than the 0.3% pencilled in by the market consensus. The annual rate of consumer price inflation also saw an unexpected decline of 0.1ppts to an eight-month low of 2.4%. Annual core inflation also ebbed by 0.1ppts to 2.5%, which is the lowest level since December 2020, thanks to deceleration in annual goods price growth. Services price inflation excluding accommodation remained at 3.4% in January.

Speaking after the CPI was released, Chicago Fed President Austan Goolsbee said that, in his opinion, US inflation is currently not on a path back to the FOMC's goal of 2%. He voiced concerns over sticky services price growth. However, he stressed that the fed funds rate could be reduced more if the progress of inflation towards the goal improves.

At the same time, Fed Governor Stephen Miran expressed an opinion that US monetary policymakers are underestimating the degree to which the current level of interest rates constraints the economy.

The key domestic events [this week](#) will be the RBA minutes tomorrow, the Q4 wage price index on Wednesday, and the January labour force survey results on Thursday, and the February S&P Global flash Aussie PMIs on Friday. Abroad, the major releases will be the FOMC minutes and the US industrial production report for January on Wednesday, as well as the S&P Global flash PMIs for the advanced economies on Friday. The RBNZ is expected to announce its monetary policy decision on Wednesday, with no changes expected.

US financial markets will be closed tonight for the President's Day holiday, while markets in Mainland China are closed for the Lunar New Year holiday and will reopen on 24 February.

Economic Data Review

- **US:** CPI (MoM, Jan) – Actual 0.2%, Expected 0.3%, Previous 0.3%.

Economic Data Preview

- **JP:** GDP (QoQ, Q4) – Expected 0.4%, Previous -0.6%.