

Interest Rates			FX			Commodities		
Australia		Δ bp	AUD/USD	0.7105	-0.3%	WTI Crude Oil	65.27	-\$0.41
90-day Bill	3.99	-1	AUD/JPY	110.70	-0.4%	Brent Crude Oil	70.75	-\$0.10
3-year Bond	4.22	-4	AUD/EUR	0.6019	-0.2%	Mogas95*	80.96	-\$0.33
10-year Bond	4.66	-5	AUD/GBP	0.5266	0.2%	CRB Index	310.03	-1.41
			AUD/NZD	1.1882	0.1%	Gold	5190.96	\$11.86
			AUD/CNY	4.8597	-0.5%	Silver	88.78	\$0.01
US			EUR/USD	1.1804	-0.1%	Iron Ore (61% Fe)**	98.55	-\$0.25
2-year	3.42	-4	USD/JPY	155.79	-0.2%	Iron Ore (25-26 Average)	103.02	-\$0.03
10-year	4.00	-4	USD/CNY	6.8475	-0.2%	Copper	13304.50	-\$18.00
			RBA Policy			Equities		
			O/N Cash Rate Target	3.85		ASX200	9187	13
			Interbank O/N Cash Rate	3.85		Dow Jones	49499	17
Other 10-year			Probability of a 25bps Hike in Mar	8.9%		S&P500	6909	-37
Japan	2.14	-2	RBA Bond Holdings (30 Jan)	A\$250.2b		Stoxx600	633	0
Germany	2.69	-2				CSI300	4727	-9
UK	4.27	-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 closed mixed yesterday, with the Dow Jones seeing slight increases while the S&P 500 and Nasdaq fell. The losses on the S&P 500 were led by information technology, including Nvidia, despite a good quarterly report. This followed mixed results in Europe and in the Asia-Pacific region. Government bond yields declined across the major advanced economies except in Japan.

The ASX 200 rose by 0.5% higher yesterday, reaching a new record high but opened slightly lower this morning. The Australian dollar depreciated against all major currencies except the British pound. 10-year Commonwealth bond yields declined slightly more than their global equivalents.

In commodity markets, the prices of gold and oil were overall little changed overnight, though there was some volatility reflecting the dynamics of yet another round of US-Iran talks in the Swiss city of Geneva. Iron ore futures retreated by 0.3% yesterday.

Data-wise, US initial jobless claims were little changed at a moderate 212k last week, while continued claims declined to 1,833k in the week ending 14 February, the lowest level in around a month.

In Australia, private sector capex rose by 0.4% in Q4, slightly exceeding market expectations of a flat outcome, but slowing from the 6.4% surge in the previous quarter. The Q4 gain was driven by a 2.3% increase in buildings and structures, while equipment, plant and machinery – which will feed into Q4 GDP released next week – declined by 1.7% after a 11.2% surge in the previous quarter.

The retreat in equipment, plant and machinery resulted mainly from investment in information media and communications (including data centres) coming off its record high in Q3. Despite this, investment for this category remained elevated, up 46.6% YoY. At the same time, growth in buildings and structures investment was supported by investment in battery energy storage systems as well as wind and solar power.

Business investment estimates for 2025-26 were revised upwards, but the first estimate for 2026-27 suggests a slight decline in the next financial year.

The RBA published its quarterly bulletin yesterday, featuring an article on the changes in credit markets since the COVID-19 pandemic as well as their impact on the neutral interest rate. The bottom line is that the ample liquidity allowed credit spreads to decline since the pandemic and credit availability to rise, particularly for businesses. In the RBA's opinion, this implies a rise in the neutral level of interest rate and less restrictive financial conditions. The RBA will publish its latest data on private sector credit later this morning.

Economic Data Review

- **AU:** Private Sector Capex (QoQ, Q4) – Actual 0.4%, Expected 0.0%, Previous 6.4%.
- **US:** Initial Jobless Claims (w/e 21 Feb) – Actual 212k, Expected 216k, Previous 208k.

Economic Data Preview

- **AU:** Private Sector Credit (MoM, Jan) – Expected 0.7%, Previous 0.8%.
- **US:** PPI (MoM, Jan) – Expected 0.3%, Previous 0.5%.