

Interest Rates				FX			Commodities		
Australia		Δ bp	AUD/USD	0.7125	0.7%	WTI Crude Oil	64.92	\$0.63	
	90-day Bill	3.96	1	AUD/JPY	109.29	0.1%	Brent Crude Oil	69.40	\$0.60
	3-year Bond	4.31	4	AUD/EUR	0.6003	0.9%	Mogas95*	79.48	-\$0.44
	10-year Bond	4.79	2	AUD/GBP	0.5232	0.8%	CRB Index	310.59	2.26
			AUD/NZD	1.1780	0.6%	Gold	5058.49	\$19.71	
			AUD/CNY	4.9311	0.9%	Silver	82.43	\$0.98	
US			EUR/USD	1.1869	-0.2%	Iron Ore (62% Fe)**	100.60	\$0.45	
	2-year	3.51	6	USD/JPY	153.38	-0.6%	Iron Ore (25-26 Average)	103.45	-\$0.02
	10-year	4.18	4	USD/CNY	6.9121	0.0%	Copper	13166.50	\$58.50
			RBA Policy			Equities			
Other 10-year			O/N Cash Rate Target		3.85	ASX200	9059	95	
			Interbank O/N Cash Rate		3.85	Dow Jones	50121	-67	
	Japan	2.21	-3	Probability of a 25bps Hike in Mar		13.3%	S&P500	6941	0
	Germany	2.79	-2	RBA Bond Holdings (30 Jan)		A\$250.2b	Stoxx600	622	1
	UK	4.48	-3				CSI300	4714	-10

*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 Wednesday on the front foot, supported by a surprisingly strong jobs report for December, but the gains evaporated later during the trading day. As a result, the S&P 500 eventually closed flat last night. US Treasury yields rose, especially at the front end of the yield curve, as investors scaled back their fed funds rate cut expectations a bit. The US dollar appreciated slightly.

The ASX 200 opened higher this morning after surging 1.7% yesterday, with declines only in health care, real estate and energy. The Australian dollar appreciated against all the major currencies, partly helped by comments from RBA Deputy Governor Andrew Hauser yesterday. Commonwealth bond yields rose less than their US equivalents.

US non-farm payrolls unexpectedly surged by 130k in January, against the market expectations of a 65k gain, with the largest contribution coming from education and health. The unemployment rate ebbed by 0.1ppts to 4.3%, while the underemployment rate fell 0.4ppts to 8.0%, which is the lowest level since June. Growth in average hourly earnings accelerated 0.3ppts to 0.4% MoM, but the annual rate was unchanged at the downwardly revised 3.7% YoY.

Across the Pacific, the annual rate of Chinese CPI inflation dropped by 0.6ppts to 0.2% in January, dragged down by a 0.7% YoY decline in food prices after increases in the past two months. However, the annual rate of core inflation excluding food and energy also declined, to a seven-month low of 0.8%. The pace of Chinese producer price deflation narrowed to 1.4%, the slowest since mid-2024.

At home, the value of new home loan commitments rose by 9.5% in Q4, double the 4.8% pencilled in by consensus. There were strong quarterly increases for owner occupier loans (10.6%), including first home buyers (15.5%), as well as investors (7.9%). The average loan size rose to a new record high of A\$736k (A\$688k in Western Australia).

At his public appearance yesterday, RBA Deputy Governor Andrew Hauser repeated that inflation was too high for the central bank not to act. He reiterated that the recent RBA pivot came amid major surprises about the degree of excess capacity in the economy, expansionary financial conditions and the resilience of the global environment.

Deputy Governor Hauser added that Australia appears to stand out among other major advanced economies in terms of its position in the business cycle, and sounded particularly optimistic about the investment outlook in Australia, especially in new technologies but also in housing.

Economic Data Review

- **AU:** New Home Loans (QoQ, Q4) – Actual 9.5%, Expected 4.8%, Previous 10.9% (revised).
- **CH:** CPI (YoY, Jan) – Actual 0.2%, Expected 0.4%, Previous 0.8%.
- **CH:** PPI (YoY, Jan) – Actual -1.4%, Expected -1.5%, Previous -1.9%.
- **US:** Non-farms Payrolls (monthly change, Jan) – Actual 130k, Expected 65k, Previous 48k (revised).
- **US:** Unemployment Rate (Jan) – Actual 4.3%, Expected 4.4%, Previous 4.4%.

Economic Data Preview

- **AU:** Melbourne Institute Inflation Expectations (Feb) – Previous 4.6%.
- **UK:** GDP (QoQ, Q4) – Expected 0.2%, Previous 0.1%.
- **US:** Initial Jobless Claims (w/e 7 Feb) – Expected 224k, Previous 231k.