

Interest Rates (%)			FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.6524	0.5%	WTI Crude Oil	76.42	\$0.03
90-day Bill	4.35	0	AUD/JPY	97.33	0.4%	Brent Crude Oil	81.82	\$0.19
3-year Bond	3.74	5	AUD/EUR	0.6043	0.3%	Mogas95*	100.86	\$0.19
10-year Bond	4.16	2	AUD/GBP	0.5163	0.3%	CRB Index	274.34	0.77
			AUD/NZD	1.0614	-0.4%	Gold	2025.42	-\$8.67
			AUD/CNY	4.6930	0.5%	Silver	22.66	\$0.09
US			EUR/USD	1.0798	0.2%	Iron Ore (62% Fe)**	127.10	-\$0.85
2-year	4.48	3	USD/JPY	149.18	-0.1%	Iron Ore (23-24 Average)	121.38	\$0.03
10-year	4.18	2	USD/CNY	7.1936	0.0%	Copper	8169.00	-\$24.50
			RBA Policy			Equities		
			O/N Cash Rate Target	4.35		ASX200	7619	-24
			Interbank O/N Cash Rate	4.32		Dow Jones	38672	-55
Other 10-year			Probability of a 25bps Cut in Mar	7.0%		S&P500	5027	29
Japan	0.73	2	RBA Bond Holdings (31 Jan)	A\$336.1b		Stoxx600	485	0
Germany	2.38	3				CSI300***	3365	0
UK	4.09	4						

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

**Iron ore is the second SGX futures contract.

***Closed for the Chinese New Year Holiday

US stocks were mainly higher on Friday, with the S&P 500 breaking through 5,000 points, although the Dow Jones retreated from its record high. The gains in the S&P 500 were led by information technology, which also helped the Nasdaq to a new record, as well as consumer discretionary, while energy stocks saw strong declines.

The Australian dollar appreciated against all the major currencies, while Commonwealth bond yields were little changed over the weekend. The ASX 200 closed flat on Friday, as solid gains in information technology and communication services were offset by losses in energy and utilities, before opening 0.3% lower this morning.

In commodity markets, Brent futures prices remain above US\$80 amid further escalation of Middle Eastern tensions, with Israel now bombarding the south Gazan city of Rafah. Iron ore futures declined by 0.7%, with trading volumes low as China started its Lunar New Year celebrations.

Fedspeak towards the end of the week remained mildly hawkish. Atlanta Fed President Raphael Bostic said that he was 'laser focussed' on making sure inflation returns to the FOMC's 2% goal but judged that fed funds rate cuts could begin in Q3. Meanwhile, Dallas Fed President Lorie Logan assessed that there was no rush for a rate reduction. The probability of a 25bps cut in May declined back below 80% following these comments.

Data-wise, the only release of note was the annual revision of the seasonal adjustment factors for US CPI for 2023. There were no significant changes, though the estimate for the December increase in the headline CPI was revised slightly downwards to 0.2% from the initially reported 0.3%.

In Australia, the ABS released its household spending indicator, which will replace the retail sales release over time. The report suggested that the annual rate of household spending growth slowed to 2.3% in December 2023, the lowest since February 2021, with discretionary spending falling 0.6% over the year and non-discretionary spending picking up by 5.4%. Western Australia saw the strongest increase of 4.5% YoY, the strongest of all the states.

The ABS also released the business turnover indicator for December 2023, which showed declines in 8 out of 13 industries, with the largest decline of 3.3% registered for retail trade, followed by wholesale trade. Mining turnover saw a slight uptick of 0.1% but was down 6.6% from a year earlier.

The key domestic releases [this week](#) will be the January NAB business survey and February Westpac consumer confidence reports on Tuesday, followed by the January labour force survey on Thursday. Highlights offshore include US CPI inflation, retail sales and industrial production for January. There will also be the University of Michigan consumer confidence report for February, which will contain inflation expectations tracked by the Fed.

ECONOMIC DATA REVIEW

- **AU:** Household Spending Indicator (YoY, Dec) – Actual 2.3%, Previous 3.1%.

ECONOMIC DATA PREVIEW

No market-moving data.

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