

Interest Rates			FX			Commodities US\$			
Australia		Δ bp	AUD/USD	0.6620	0.4%	WTI Crude Oil	61.67	-\$0.06	
	90-day Bill	3.59	0	AUD/JPY	99.67	0.9%	Brent Crude Oil	65.46	\$0.04
	3-year Bond	3.58	3	AUD/EUR	0.5652	0.4%	Mogas95*	76.36	\$0.38
	10-year Bond	4.40	7	AUD/GBP	0.4910	0.0%	CRB Index	301.03	1.67
US			AUD/NZD	1.1336	0.1%	Gold	3974.79	\$73.19	
			AUD/CNY	4.7134	0.2%	Silver	48.56	\$0.48	
	2-year	3.58	1	EUR/USD	1.1710	-0.1%	Iron Ore (62% Fe)**	104.00	\$0.25
	10-year	4.16	2	USD/JPY	150.56	0.6%	Iron Ore (25-26 Average)	102.39	\$0.03
Other 10-year			USD/CNY***	7.1224	0.0%	Copper	10654.50	-\$61.00	
			RBA Policy			Equities			
			O/N Cash Rate Target	3.60		ASX200	8955	-36	
			Interbank O/N Cash Rate	3.60		Dow Jones	46695	-63	
Japan	1.69	3	Probability of a 25bps Cut in Nov	34.6%		S&P500	6740	24	
Germany	2.72	2	RBA Bond Holdings (30 Sep)	A\$272.1b		Stoxx600	570	0	
UK	4.74	5				CSI300***	4641	0	

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

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

\*\*\*No change due to a public holiday.

The US Government shutdown rolls on, and US equities made fresh record highs overnight, although the narrowly based Dow Jones (just 30 stocks) closed slightly lower. US Treasury yields edged up and the US dollar gained.

European equities were mixed, with the Stoxx 600 virtually unchanged after recovering from an early slump driven by the unexpected resignation of the French prime minister. Markets in the Asia-Pacific were mainly higher, led by Japan where the Nikkei 225 climbed 4.75%, buoyed by weekend news that the ruling LDP had chosen the pro-stimulus Sanae Takaichi as its leader. The Aussie market edged down in relatively thin trade due to a public holiday in most Australian states and opened lower again this morning.

Aussie bond yields are higher this morning after the market was closed for a public holiday yesterday. The early move was largely a catch up after US Treasury yields rose on Friday. Bond yields were also higher in Europe, particularly France as political and fiscal uncertainty continued. Prime Minister Sebastien Lecornu resigned overnight, less than a month after being appointed following the ousting of his predecessor Francois Bayrou, who had been in office less than a year himself. The French turmoil is ultimately the result of conflict over efforts to repair the French Government's dire fiscal situation.

The Australian dollar has gained against almost all the major currencies. The Japanese yen was the weakest of the majors as traders continued to scale back pricing for a Bank of Japan interest rate hike this year. The yen's fall has pushed the AUD/JPY exchange rate to its highest level since November 2024.

Gold prices continued to rise as political turmoil escalated and are now within striking distance of US\$4,000 an ounce, while silver rose above its 2011 record high. Copper prices slipped after rising over 5% last week.

The Melbourne Institute inflation gauge, which is designed as an early indicator of the official inflation figures, rose 0.4% in September following a 0.3% decline in August, with the annual rate rising 0.2ppts to a five-month high of 3.0%. The trimmed mean measure rose 0.2% in the month after a 0.2% fall in August.

The Westpac-Melbourne Institute consumer sentiment index fell 3.5% to a six-month low of 92.1 in October with big deteriorations in the outlook for family finances and near-term outlook for the economy. Bad inflation news appeared to be the major catalyst for the decline. Around half of respondents reportedly expect interest rates to rise in the coming 12 months. Despite the increased pessimism consumers still aren't concerned about job losses, with the unemployment expectations index falling by 2.9%, slightly below its long-term average.

## Economic Data Review

- **AU:** Melbourne Institute Inflation Gauge (MoM, Sep) – Actual 0.4%, Previous -0.3%.
- **AU:** Westpac-Melbourne Institute Consumer Sentiment (MoM, Oct) – Actual -3.5%, Previous -3.1%

## Economic Data Preview

- **AU:** ANZ Job Ads (MoM, Sep) – Previous 0.1%.