

Interest Rates				FX			Commodities		
Australia		Δ bp	AUD/USD	0.6986	-0.4%	WTI Crude Oil	89.25	-\$3.99	
	90-day Bill	4.77	0	AUD/JPY	109.92	-0.4%	Brent Crude Oil	103.11	-\$2.87
	3-year Bond	4.94	-9	AUD/EUR	0.6162	-0.1%	Mogas95*	135.98	\$0.49
	10-year Bond	5.36	-6	AUD/GBP	0.5281	-0.2%	CRB Index	409.45	-4.78
US			AUD/NZD	1.2387	0.0%	Gold	4181.00	\$59.67	
			AUD/CNY	4.6851	-0.6%	Silver	61.33	\$0.61	
			EUR/USD	1.1338	-0.2%	Iron Ore (61% Fe)**	94.10	-\$0.20	
	2-year	4.89	-4	USD/JPY	157.34	-0.1%	Iron Ore (26-27 Average)	97.18	-\$0.05
	10-year	5.24	1	USD/CNY	6.7067	-0.1%	Copper	14438.50	\$25.50
			RBA Policy			Equities			
Other 10-year			O/N Cash Rate Target		4.60	ASX200	8711	37	
			Interbank O/N Cash Rate		4.60%	Dow Jones	51350	-132	
	Japan	3.11	0	Probability of a 25bps Hike in Nov		33.3%	S&P500	7671	-13
	Germany	3.63	-2	RBA Bond Holdings (31 Aug)		A\$227.4b	Stoxx600	638	-1
UK	5.41	-1				CSI300	4345	4	

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

**Iron ore is the second SGX futures contract.

The S&P 500 fell for the fifth time in the past six trading days overnight. Comments from the FOMC Vice Chair that there was no urgency for the Fed to raise rates helped push US Treasury yields at the short end of the curve lower. The US dollar rose against most major currencies, with the US dollar index reaching a two-month high.

Oil prices fell after the US Department of Energy announced it would release another 40 million barrels from the Strategic Petroleum Reserve. However, the US emergency stockpile is reportedly nearing minimum levels.

European equities were mixed, with the Stoxx 600 edging down 0.1%. Across the Asia-Pacific region, benchmark indexes closed lower in Japan, South Korea, Taiwan and Hong Kong. Mainland China's CSI 300 gained 0.1%, its first rise in four sessions.

At home, the ASX 200 moved in and out of negative territory for most of yesterday before rallying late in the session as the RBA Governor adopted a less hawkish tone at her post-meeting press conference. Commonwealth bond yields fell during Governor Bullock's remarks, more than reversing earlier gains to close lower. The AUD also weakened, falling below US\$0.70 for the first time in almost two months.

Australian [household spending](#) was virtually unchanged in August (mkt exp 0.4%), following a solid 1.1% rise in July. Annual growth eased but remained strong at 6.8%. Gains in goods and essential spending were offset by declines in services and discretionary spending.

The [Reserve Bank of Australia \(RBA\) Monetary Policy Board](#) unanimously increased the cash rate by 25 basis points to 4.60%, its highest level since October 2011. The hawkish media statement reinforced the RBA's focus on returning inflation to target within a reasonable timeframe, with the Board indicating it would raise rates further if needed.

The RBA Statement said little about the labour market other than it had eased as expected. However, Governor Michele Bullock said at her press conference that the Board was keen to preserve as many labour market gains as possible, while acknowledging that the unemployment rate was likely to rise. She also characterised the increase as another instalment in a tightening cycle that has lifted the cash rate by 100 basis points since the start of the year.

Economic Data Review

- AU:** Household Spending Indicator (MoM, Aug) – Actual 0.0%, Expected 0.4%, Previous 1.1%.
- AU:** RBA Cash Rate Decision – Actual 4.60%, Expected 4.60%, Previous 4.35%.
- US:** Conference Board Consumer Confidence Index (Sep) – Actual 81.9, Expected 89.1, Previous 88.6 (revised).
- US:** Job Openings (Aug) – Actual, 7.1m, Expected 7.2m, Previous 7.3m.

Economic Data Preview

- AU:** CPI (MoM, Aug) – Expected 0.5%, Previous 1.0%.
- AU:** Dwelling Approvals (MoM, Aug) – Expected -1.0%, Previous -3.6%.
- AU:** Private Sector Credit (MoM, Aug) – Expected 0.5%, Previous 0.6%.
- CH:** NBS Composite PMI (Sep) – Previous 49.5.
- CH:** RatingDog Composite PMI (Sep) – Previous 52.1.
- US:** ADP Employment (Monthly change, Sep) – Expected 74k, Previous 38k.
- US:** PCE Price Index (MoM, Aug) – Expected 0.3%, Previous 0.2%.