

Interest Rates			FX			Commodities		
Australia		Δ bp	AUD/USD	0.6957	-0.4%	WTI Crude Oil	89.03	-\$1.13
90-day Bill	4.77	1	AUD/JPY	109.81	-0.7%	Brent Crude Oil	101.17	-\$0.21
3-year Bond	4.89	-3	AUD/EUR	0.6212	0.1%	Mogas95*	129.35	\$0.29
10-year Bond	5.38	-2	AUD/GBP	0.5266	0.1%	CRB Index	411.38	-2.46
			AUD/NZD	1.2427	0.0%	Gold	4108.30	-\$57.11
			AUD/CNY	4.6778	0.1%	Silver	59.75	-\$1.66
US			EUR/USD	1.1199	-0.5%	Iron Ore (61% Fe)**	91.65	\$0.30
2-year	4.77	-3	USD/JPY	157.84	-0.4%	Iron Ore (26-27 Average)	96.71	-\$0.07
10-year	5.30	0	USD/CNY***	6.7060	0.0%	Copper	14475.50	\$60.50
			RBA Policy			Equities		
			O/N Cash Rate Target		4.60	ASX200	8697	-11
Other 10-year			Interbank O/N Cash Rate		4.60	Dow Jones	51180	-341
Japan	3.09	0	Probability of a 25bps Hike in Nov		26.7%	S&P500	7802	-17
Germany	3.48	0	RBA Bond Holdings (30 Sep)		A\$214.7b	Stoxx600	630	-6
UK	5.44	7				CSI300***	4358	0

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

**Iron ore is the second SGX futures contract.

***Unchanged due to public holiday

US equities fell for the first time in five days, with the S&P 500 and Nasdaq retreating from record highs. Most losses occurred early in the session as US Treasury yields climbed. The 10-year Treasury yield rose to its highest level in almost 25 years, peaking at 5.36% before easing. Sentiment toward US Treasuries improved later in the session after an auction of 10-year notes drew strong demand, with investors attracted by the high yields. The US dollar rose as concerns about euro area governments weighed on the euro.

European equities were driven by developments in euro area bond markets. The Stoxx 600 fell for the first time in four days, led by weakness in bank shares. The French 10-year government bond yield rebounded, while the spread between French and German 10-year yields widened towards 14-year highs. Rising French yields helped push yields higher across most of the euro area.

Asia-Pacific share markets also recorded widespread losses, led by falls in Hong Kong, Japan and South Korea. Mainland Chinese markets reopen today following the Golden Week holiday.

At home, the ASX 200 fell 0.1% yesterday, its first decline in four days, and opened lower today. Australian bond yields rose during yesterday's trading session but have followed US Treasury yields lower this morning. The AUD has fallen against the stronger US dollar and Japanese yen over the past 24 hours.

In commodity markets, oil prices continue to be driven by developments in the Middle East. Front-month Brent crude futures fell but remain above US\$100 a barrel. The spot price, which reflects current physical supply and demand, rose to a three-week high of US\$129.18 a barrel.

The New York Fed's consumer expectations survey showed that one-year inflation expectations rose 0.3ppts to 3.9%, the highest since May. Longer-term expectations, which are more relevant for monetary policy, were relatively stable. Concerns about job losses subsided.

The minutes of the 15–16 September FOMC meeting contained few surprises. Most participants expected that a further interest rate increase would be necessary by year-end to contain inflation, although future decisions would depend on incoming information. Market pricing for the next Fed rate rise was unchanged, with around a 20% chance of an increase at the October meeting and a rise fully priced in by December.

Australian Q2 building activity data showed that dwelling commencements rose 7.0% in the quarter, following a 10% decline in Q1, to be 14.4% higher than a year earlier. Completions reached their highest level since Q4 2019 but remained underwhelming relative to the record number of dwellings under construction, highlighting ongoing capacity constraints. Western Australia recorded a similar pattern: total dwelling commencements jumped 22.1% in Q2, pushing the number of dwellings under construction to an all-time high, while completion rates remained disappointing.

Economic Data Review

- **AU:** Dwelling Commencements (QoQ, Q2) Actual 7.0%, Previous -10.0%.

Economic Data Preview

- **US:** Initial Jobless Claims (w/e 3 Oct) – Expected 200k, Previous 197k.