

Interest Rates			FX			Commodities						
Australia	90-day Bill	3.73	Δ bp	AUD/USD	0.6759	0.4%	WTI Crude Oil	60.51	\$0.93			
				AUD/JPY	107.07	0.5%	Brent Crude Oil	65.24	\$0.32			
				AUD/EUR	0.5787	0.7%	Mogas95*	75.27	\$0.90			
				AUD/GBP	0.5036	0.5%	CRB Index	309.22	2.87			
				AUD/NZD	1.1578	0.2%	Gold	4790.63	\$12.75			
				AUD/CNY	4.7086	0.4%	Silver	91.36	-\$3.80			
US	2-year	3.58	0	EUR/USD	1.1678	-0.4%	Iron Ore (62% Fe)**	102.80	-\$0.90			
				USD/JPY	158.43	0.1%	Iron Ore (25-26 Average)	103.59	-\$0.01			
				10-year	4.24	-4	USD/CNY	6.9648	0.1%	Copper	12810.00	\$56.50
				RBA Policy			Equities					
Other 10-year	Japan	2.28	-3	O/N Cash Rate Target		3.60	ASX200	8850	75			
				Interbank O/N Cash Rate		3.60	Dow Jones	49077	589			
				Probability of a 25bps Hike in Feb		29.1%	S&P500	6876	79			
				RBA Bond Holdings (31 Dec)		A\$250.2b	Stoxx600	603	0			
				UK		4.46	0	CSI300	4723	4		

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

**Iron ore is the second SGX futures contract.

US stocks bounced back overnight after US President Donald Trump said that he will not use military force to take over Greenland or impose tariffs on the European countries opposing the acquisition. The S&P 500 and Nasdaq both gained 1.2%, with gains in all sectors. Long-term government bond yields retreated in the US and Japan after a sharp rise on Tuesday night. The US dollar appreciated slightly.

The gains in the US followed mixed results in Europe and the Asia-Pacific region. The ASX 200 declined by another 0.4% yesterday, though there were gains in materials, energy and utilities. The Aussie share market surged at the open this morning.

The Australian dollar continued to appreciate against all major currencies. The AUD/USD reached its highest level since October 2024, while the AUD/JPY hit a level unseen since July 2024. Commonwealth bond yields fell across the yield curve ahead of the December labour force figures scheduled for release later this morning.

Speaking at the World Economic Forum in Davos, US President Donald Trump ruled out using the military to take over Greenland. In a separate social media post, he mentioned a 'framework for a future deal' formed during a meeting with NATO Secretary General Mark Rutte, which is to concern not just Greenland, but also 'the entire Arctic region'. He added that he will not impose tariffs on the eight European countries most supportive of Greenland's current status on 1 February, as originally planned.

Despite easing concerns over a military intervention in Greenland, the gold price rose to a fresh record high overnight, while the silver price ebbed. In other commodities, oil prices picked up, while iron ore futures fell by another 0.9%.

Data-wise, the UK CPI rose by 0.4% in December, in line with market expectations, taking the annual rate of consumer price inflation 0.2ppts higher to 3.4%. Annual core inflation remained steady at 3.2%, though services price inflation re-accelerated by 0.1ppts to 4.5%.

In Australia, the Westpac leading index picked up by 0.1% in December. The six-month annualised growth rate, which indicates the likely pace of economic activity growth compared to trend, rose to 0.4% from 0.2% in the previous month.

Economic Data Review

- **AU:** Westpac Leading Index (MoM, Dec) – Actual 0.1%, Previous 0.0%.
- **UK:** CPI (MoM, Dec) – Actual 0.4%, Expected 0.4%, Previous -0.2%.

Economic Data Preview

- **AU:** Employment (monthly change, Dec) – Expected 27.0k, Previous -21.3k.
- **AU:** Unemployment Rate (Dec) – Expected 4.3%, Previous 4.3%.
- **US:** Personal Consumption (MoM, Nov) – Expected 0.5%.
- **US:** PCE Price Index (MoM, Nov) – Expected 0.2%.
- **US:** Initial Jobless Claims (w/e 17 Jan) – Expected 209k, Previous 198k.