

Interest Rates (%)			FX			Commodities US\$		
Australia			AUD/USD	0.6445	0.1%	WTI Crude Oil	92.40	\$1.48
90-day Bill	4.13	1	AUD/JPY	95.19	0.1%	Brent Crude Oil	94.72	\$0.74
3-year Bond	3.92	6	AUD/EUR	0.6028	-0.1%	Mogas95*	104.68	-\$4.48
10-year Bond	4.20	2	AUD/GBP	0.5204	0.2%	CRB Index	289.38	-0.23
			AUD/NZD	1.0884	-0.1%	Gold	1933.51	\$9.40
			AUD/CNY	4.6912	0.2%	Silver	23.26	\$0.21
US			EUR/USD	1.0693	0.2%	Iron Ore (62% Fe)**	122.05	\$1.20
2-year	5.05	1	USD/JPY	147.69	-0.1%	Iron Ore (23-24 Average)	110.54	\$0.20
10-year	4.30	-3	USD/CNY	7.2912	0.2%	Copper	8359.50	-\$46.00
			RBA Policy			Equities		
			O/N Cash Rate Target	4.10		ASX200	7200	-48
			Interbank O/N Cash Rate	4.07		Dow Jones	34624	6
			Probability of a 25bps Hike in Oct	4.4%		S&P500	4454	3
			RBA Bond Holdings (31 Aug)	A\$337.0b		Stoxx600	457	-5
						CSI300	3728	19
Other 10-year								
Japan	0.72	1						
Germany	2.71	3						
UK	4.39	3						

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

**Iron ore is the second SGX futures contract.

It was a relatively quiet night for US equities as traders kept their powder dry ahead of the FOMC interest rate decision on Wednesday and there was little in the way of economic data to drive sentiment. While no rate hike is expected, the FOMC messaging is expected to remain hawkish. The flat result followed a weak session in Europe and a selloff across much of the Asia-Pacific, including Australia.

The ASX 200 slipped 0.7% yesterday. All the major industry sectors posted declines, with info tech seeing the heaviest losses. Aussie shares have fallen further in early trade this morning.

Bond yields are mainly higher. However, the US 10-year Treasury yield fell to be 75bps below the two-year yield, the biggest inversion of the US yield curve in three weeks. Aussie bond yields have also lifted, with the three-year yield up sharply ahead of the release of the RBA Board minutes this morning.

The Aussie dollar has traded in a narrow range against the greenback over the past 24 hours, with the exchange rate currently slightly higher than it was this time yesterday.

Oil prices continued to climb, making fresh 10-month highs.

The NAHB housing market index was the only economic data of any note released in the US overnight. The index, which measures US homebuilder sentiment, fell 5pts to 45 in September. A reading below 50 suggests US homebuilders are pessimistic about the outlook. The run up in long-term US Treasury yields in recent months has pushed average US mortgage rates to the highest levels since 2000. The US market is dominated by 30-year fixed rate mortgages.

The ANZ – Roy Morgan weekly consumer confidence index rose 2.8% to 79.8, in the week ending 17 September, with confidence rising in Western Australia, New South Wales and Victoria. This is the highest level since late April; however, the index remains well below the long-term monthly average of 111.1. Inflation expectations fell 0.3ppts to 4.9%, this is the lowest level since February 2022.

The minutes of the RBA's September board meeting are due this morning. They will likely reiterate that inflation appears to be on track to return to the target band in late 2025, but that there are significant uncertainties around the outlook. The minutes will continue to say that inflation remains too high, and some further hikes may be required, depending on the data. Current futures market pricing suggests only a small chance of a cash rate increase at the October Board meeting and a 24% probability of a 25bps hike in November, following the release of the Q3 CPI report in late October. The market is currently pricing in a 50% chance of a further hike by March next year.

ECONOMIC DATA REVIEW

- **AU:** ANZ-Roy Morgan Weekly Consumer Confidence Index (w/e 17 Sep) – Actual 79.8, Previous 77.6.
- **US:** NAHB Housing Market Index (Sep) – Actual 45, Expected 49.0, Previous 50.

ECONOMIC DATA PREVIEW

- **AU:** RBA Board Meeting Minutes (Sep).

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