

Interest Rates (%)				FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.7014	0.5%	WTI Crude Oil	98.55	-\$4.77	
	90-day Bill	4.80	1	AUD/JPY	111.03	0.4%	Brent Crude Oil	109.59	\$0.19
	3-year Bond	4.87	0	AUD/EUR	0.6246	0.4%	Mogas95*	126.95	-\$0.70
	10-year Bond	5.26	-2	AUD/GBP	0.5244	0.0%	CRB Index	416.94	-1.67
US			AUD/NZD	1.2353	0.3%	Gold	4118.95	-\$12.64	
			AUD/CNY	4.6764	0.3%	Silver	57.95	\$1.10	
	2-year	4.79	2	EUR/USD	1.1229	0.1%	Iron Ore (61% Fe)**	91.40	-\$0.25
	10-year	5.13	-1	USD/JPY	158.32	-0.1%	Iron Ore (26-27 Average)	96.05	-\$0.07
Other 10-year			USD/CNY	6.6782	0.0%	Copper	14420.50	\$81.50	
			RBA Policy			Equities			
			O/N Cash Rate Target		4.60	ASX200	8809	42	
			Interbank O/N Cash Rate		4.60	Dow Jones	52496	530	
	Japan	2.90	-4	Probability of a 25bps Hike in Nov		40.0%	S&P500	7713	22
	Germany	3.40	-6	RBA Bond Holdings (30 Sep)		A\$214.7b	Stoxx600	639	-1
	UK	5.41	-2				CSI300	4152	-22

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

**Iron ore is the second SGX futures contract.

US equities were mostly stronger overnight, although weakness in some major tech stocks limited gains in the S&P 500. The information technology subindex fell 0.3%, while communication services, which includes Alphabet and Meta, declined 0.9%. US 10-year Treasury yields eased after rising on Monday, and the US dollar weakened. Crude oil prices were volatile amid competing Middle East headlines.

The mostly positive US session followed another mixed day in Europe, where the Stoxx 600 closed lower for a second consecutive day. European bond yields fell amid an early decline in oil prices, although French bonds underperformed, with the 10-year yield easing only marginally. Asia-Pacific equities were broadly weaker yesterday, led by declines in South Korea, Japan, Hong Kong, Taiwan and the CSI 300 in mainland China. Technology stocks led the sell-off, fuelled by a weak market debut for a South Korean data centre firm.

Domestically, the ASX 200 recovered more than half of yesterday's early losses as banks and miners rebounded from their lows, closing 0.3% lower after falling as much as 1.1% in the morning. The market opened higher this morning despite hawkish comments from RBA Deputy Governor Andrew Hauser, which prompted a notable rise in expectations for a cash rate hike on the first Tuesday in November.

Australian bond yields opened higher this morning as cash rate expectations rose, reversing almost all of yesterday's declines. The AUD climbed above US\$0.70 against the weaker greenback and also strengthened against the Japanese yen and euro.

In commodity markets, oil prices fell sharply on reports of an expected breakthrough in US-Iran negotiations. Brent crude futures then recovered all of their losses after an unnamed official clarified that talks were ongoing and reports of an imminent deal were inaccurate. Iran further dampened optimism, with its president reportedly indicating that talks had not yet begun.

The RBA Deputy Governor's decidedly hawkish comments during a "fireside chat" at an investor conference this morning drove a sharp rise in market pricing for a cash rate hike in November or December. While acknowledging that the labour market was weaker than expected and consumption growth remained tepid, he reiterated that inflation was the RBA's main concern.

He emphasised the need to prevent persistently high inflation from becoming embedded in expectations. While the energy supply shock is largely beyond monetary policy's control, capacity constraints and slow productivity growth were also contributing to price pressures. He noted that the global and domestic economies faced both a war-driven supply shock and a demand shock from the AI boom, which was affecting construction and spilling over into electronic goods prices.

Economic Data Review

- **CH:** PBoC Announcement Five-Year Loan Prime Rate – Actual 3.50%, Expected 3.50%, Previous 3.50%.

Economic Data Preview

- **UK:** CPI (MoM, Sep) – Expected 0.3%, Previous 0.5%.