

Interest Rates			FX			Commodities		
Australia		Δ bp	AUD/USD	0.7120	0.8%	WTI Crude Oil	65.63	-\$0.36
90-day Bill	3.99	0	AUD/JPY	111.19	1.0%	Brent Crude Oil	70.85	\$0.08
3-year Bond	4.26	2	AUD/EUR	0.6026	0.5%	Mogas95*	81.36	\$0.57
10-year Bond	4.70	1	AUD/GBP	0.5252	0.4%	CRB Index	311.44	1.64
			AUD/NZD	1.1866	0.3%	Gold	5167.40	\$24.17
			AUD/CNY	4.8849	0.5%	Silver	88.66	\$1.51
US			EUR/USD	1.1816	0.3%	Iron Ore (61% Fe)**	98.80	\$2.05
2-year	3.47	2	USD/JPY	156.16	0.2%	Iron Ore (25-26 Average)	103.05	-\$0.01
10-year	4.05	2	USD/CNY	6.8612	-0.3%	Copper	13166.50	\$0.00
			RBA Policy			Equities		
Other 10-year			O/N Cash Rate Target	3.85		ASX200	9170	67
Japan	2.14	4	Interbank O/N Cash Rate	3.85		Dow Jones	49482	308
Germany	2.71	0	Probability of a 25bps Hike in Mar	4.4%		S&P500	6946	56
UK	4.32	1	RBA Bond Holdings (30 Jan)	A\$250.2b		Stoxx600	633	4
						CSI300	4736	28

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

**Iron ore is the second SGX futures contract.

The US equity market continued to climb last night, with the S&P now just 0.5% short of its record high following a 0.8% increase during yesterday's session. While results were mixed across sectors, information technology saw quite solid gains, helping drive a 1.3% surge in the tech-heavy Nasdaq. Nvidia's Q1 results, released after the US session, exceeded market expectations and will likely boost sentiment even further during the Asia-Pacific session.

The ASX 200 opened even higher this morning and looks set to reset its record high from yesterday after a quite broad-based 1.2% increase.

The Australian dollar continues to benefit from global market sentiment, appreciating against all major currencies and additionally helped by the slight upside surprise in the Aussie CPI figures. The AUD/USD is again at one of its highest levels since early 2023, while the AUD/JPY has reached a new multidecade high.

Despite the probability of a cash rate hike approaching 90% after the CPI report, 3-year Commonwealth bond yields rose in line with their US equivalents, and the 3-month BBSW was steady.

The [Australian CPI](#) rose by an unadjusted 0.4% in January, while the annual rate of headline consumer price inflation remained at 3.8%. The trimmed mean CPI, which is not strictly comparable to its quarterly measure that is still in the RBA's focus, picked up by a seasonally adjusted 0.3% MoM and 3.4% YoY, 0.1ppts more than in December. Both figures were a slight downside surprise to the market consensus, of 3.7% and 3.3%, respectively. Details of the report were more nuanced, with less than half of items seeing faster annual rise in prices, fewer than in December.

Construction work done ebbed by 0.1% in Q4, while Q3 figures were revised significantly upwards (from a decline of 0.7% to a 0.1% uptick). The Q4 decline was caused by a 1.3% fall in engineering construction, which was somewhat smaller than that recorded for Q3 (5.2%). The fall in engineering was almost entirely offset by a 0.9% gain in building work done, including a 1.0% pick-up in residential building and a 0.7% rise in non-residential building.

Yesterday also saw the release of the monthly employee earnings indicator, which is an experimental estimate made by the Australian Bureau of Statistics, based on Single Touch Payroll data gathered from employers by the Australian Taxation Office. The report showed a 0.3% increase in the number of employee (payroll) jobs over the year to December, down from a 1.0% increase over the year to November. Total wages and salaries were up 5.7% YoY (only marginally lower than the 5.8% YoY gain recorded in November).

RBA Governor Michele Bullock held a fireside chat at the Melbourne University. The chat focused on the RBA's working culture after the RBA review. On the monetary policy, Governor Bullock repeated that inflation is 'too high' and that – according to the February projection – it would not come back to the target range in the medium term without a rate hike. She also said that the RBA will proceed cautiously with any future rate decisions.

Economic Data Review

- **AU:** CPI (YoY, Jan) – Actual 3.8%, Expected 3.7%, Previous 3.8%.
- **AU:** Construction Work Done (QoQ, Q4) – Actual -0.1%, Expected 1.3%, Previous 0.1% (revised).

Economic Data Preview

- **AU:** Private Sector Capex (QoQ, Q4) – Expected 0.0%, Previous 6.4%.
- **US:** Initial Jobless Claims (w/e 21 Feb) – Expected 216k, Previous 206k.