

Interest Rates			FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.6557	0.3%	WTI Crude Oil	61.15	-\$0.82
90-day Bill	3.56	6	AUD/JPY	100.03	0.0%	Brent Crude Oil	65.45	-\$0.99
3-year Bond	3.44	4	AUD/EUR	0.5626	0.1%	Mogas95*	80.29	-\$0.26
10-year Bond	4.17	-1	AUD/GBP	0.4913	0.2%	CRB Index	301.54	-1.44
			AUD/NZD	1.1353	0.1%	Gold	3982.74	-\$88.58
			AUD/CNY	4.6607	0.5%	Silver	46.75	-\$1.38
US			EUR/USD	1.1655	0.2%	Iron Ore (62% Fe)**	105.90	\$1.45
2-year	3.48	-2	USD/JPY	152.55	-0.3%	Iron Ore (25-26 Average)	102.83	\$0.05
10-year	3.98	-5	USD/CNY	7.1084	-0.2%	Copper	11029.00	\$66.50
			RBA Policy			Equities		
			O/N Cash Rate Target		3.60	ASX200	9023	-48
			Interbank O/N Cash Rate		3.60	Dow Jones	47545	337
Other 10-year			Probability of a 25bps Cut in Nov		39.2%	S&P500	6875	83
Japan	1.66	-1	RBA Bond Holdings (30 Sep)		A\$272.1b	Stoxx600	577	1
Germany	2.62	-1				CSI300	4716	55
UK	4.40	-3						

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

**Iron ore is the second SGX futures contract.

US stocks started the trading week with fresh record highs, boosted by hopes for easing in US-China trade tensions after the meeting between the countries' leaders later this week.

As reported in [yesterday](#), Chinese restrictions on exports of critical minerals will likely be delayed by around a year, while the additional 100% US tariff rate on imports from China is off the table at this stage. US Treasury yields declined, particularly at the back end of the curve, while the US dollar depreciated slightly. The gold price dropped below US\$4,000 an ounce.

Optimism about the progress on trade talks between the US and China, as well as the downside surprise to US inflation figures, lifted the ASX 200 by 0.4% yesterday. However, the Aussie share market opened slightly lower this morning.

Commonwealth bond yields rose at the front end of the yield curve, as cash rate cut expectations were scaled back after slightly hawkish comments by RBA Governor Michele Bullock.

The Australian dollar continued to appreciate, supported by both optimism about US-China talks and slightly hawkish comments by Governor Bullock. The AUD has been the strongest G10 currency since Friday's open and the AUD/USD is close to its three-week high this morning.

The RBA Governor held a fireside chat with the head of RBA Economics department Michael Plumb last night. She repeated that the monthly CPI indicator figures for July and August suggest that quarterly trimmed mean inflation for Q3, scheduled for release tomorrow, will likely be 0.3ppts above the RBA's August projection (0.9% instead of 0.6%).

Michele Bullock also repeated that, in the RBA's opinion, the cash rate remains slightly in restrictive territory, though she cautioned that the range of neutral rate estimates is very wide, and signalled a cautious approach to further easing. She also expressed some concerns over potential overvaluation of equity markets, stressing that – in the event of a sudden change in market sentiment – some financial stability risks could materialise.

Data-wise, ANZ Roy Morgan consumer sentiment rose by 2.1% last week, supported by improving assessments of the current and future financial situation of households, partly offset by deterioration in assessment of the economic outlook. Despite the solid improvement, consumer sentiment remained quite weak at just 85.8 points. Consumer inflation expectations over the two-year horizon ticked up 0.1ppts to a still-moderate 4.8%.

Economic Data Review

- **AU:** ANZ Roy Morgan Consumer Confidence (w/e 25 Oct) – Actual 85.8, Previous 84.0.

Economic Data Preview

- **US:** Case-Shiller House Price Index 20 Cities (MoM, Aug) – Expected -0.1%, Previous -0.1%.
- **US:** Conference Board Consumer Confidence (Oct) – Expected 93.4, Previous 94.2.