

Interest Rates			FX			Commodities		
<b>Australia</b>		<b>Δ bp</b>	AUD/USD	0.6682	-0.4%	WTI Crude Oil	61.12	\$1.42
	90-day Bill	3.74	AUD/JPY	106.34	0.3%	Brent Crude Oil	65.47	\$1.60
	3-year Bond	4.12	AUD/EUR	0.5741	-0.2%	Mogas95*	74.59	\$0.89
	10-year Bond	4.74	AUD/GBP	0.4978	-0.1%	CRB Index	306.64	2.60
<b>US</b>			AUD/NZD	1.1649	0.2%	Gold	4604.01	\$10.82
			AUD/CNY	4.6632	-0.4%	Silver	87.81	\$3.61
	2-year	3.53	EUR/USD	1.1641	-0.2%	Iron Ore (62% Fe)**	108.55	\$0.45
	10-year	4.18	USD/JPY	159.14	0.7%	Iron Ore (25-26 Average)	103.55	\$0.04
<b>Other 10-year</b>			USD/CNY	6.9777	0.1%	Copper	13164.00	-\$45.50
			<b>RBA Policy</b>			<b>Equities</b>		
			O/N Cash Rate Target	3.60		ASX200	8809	-8
			Interbank O/N Cash Rate	3.60		Dow Jones	49192	-398
Japan	2.18	2	Probability of a 25bps Hike in Feb	26.9%		S&P500	6964	-14
Germany	2.85	1	RBA Bond Holdings (31 Dec)	A\$250.2b		Stoxx600	610	-1
UK	4.40	2				CSI300	4761	-29

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

\*\*Iron ore is the second SGX futures contract.

US equities closed the day in the red, led by declines in financials amid disappointing Q4 profits from banking giant JPMorgan. US Treasury yields were little changed after the US CPI barely moved the dial on pricing for Fed interest rate cuts. The US dollar recovered Monday's losses.

The declines on Wall Street followed weaker sessions in Europe and a mixed day for Asia-Pacific shares, with stocks down in mainland China but higher in most of the other major markets. In Japan, the Nikkei 225 closed at a new record high, with the market boosted by further weakness in the Japanese yen.

At home, the ASX 200 closed yesterday's trading session at its highest level since 10 November, and has edged up a little further in early trade today. Australian bond yields have opened higher this morning, with the AUD slipping against all the major currencies except for the soft Japanese yen.

Oil prices saw further increases, with Brent crude futures climbing to the highest level since October last year, as the US President continues to hint at the possibility of US military intervention in Iran. Silver surged again, adding another 4% since yesterday morning, while gold has been relatively steady, remaining around record highs.

The US CPI rose 0.3% in December, with the annual inflation rate unchanged at 2.7%. Core inflation (ex. food and energy) rose 0.2%, and the annual rate was steady at 2.6%. While core inflation has eased from 3.0% in September it remains too high for comfort for some FOMC members. This was the first full set of monthly CPI changes since September, due to the US Government shutdown that saw the cancellation of the October report.

US small business optimism picked up a little in December with the NFIB index rising 0.5pts to 99.5, well above the 20-year average of 95.7, but significantly below the recent high of 105.1 in December, when sentiment spiked after the US election. Most US small business owners tend to vote Republican.

### Economic Data Review

- **US:** CPI (YoY, Dec) – Actual 2.7%, Expected 2.7%, Previous 2.7%.
- **US:** NFIB Business Optimism Index (Dec) – Actual 99.5, Expected 99.2, Previous 99.0.

### Economic Data Preview

- **AU:** Job Vacancies (QoQ, Q4) – Previous -2.7%.
- **CH:** Trade Balance (Dec) – Expected US\$114.4b, Previous US\$11.6b
- **US:** PPI (YoY, Nov) – Expected 2.7%.
- **US:** Retail Sales (MoM, Dec) – Expected 0.5%, Previous 0.0%.