

Interest Rates			FX			Commodities		
Australia		Δ bp	AUD/USD	0.6732	0.3%	WTI Crude Oil	59.58	\$0.06
90-day Bill	3.73	0	AUD/JPY	106.52	0.3%	Brent Crude Oil	64.92	\$0.98
3-year Bond	4.16	0	AUD/EUR	0.5745	-0.4%	Mogas95*	74.36	\$0.90
10-year Bond	4.78	1	AUD/GBP	0.5011	0.2%	CRB Index	306.35	4.30
			AUD/NZD	1.1559	-0.2%	Gold	4777.88	\$111.05
			AUD/CNY	4.6877	0.3%	Silver	95.16	\$1.48
US			EUR/USD	1.1720	0.7%	Iron Ore (62% Fe)**	103.70	-\$0.90
2-year	3.58	0	USD/JPY	158.22	0.0%	Iron Ore (25-26 Average)	103.60	\$0.00
10-year	4.28	3	USD/CNY	6.9608	0.0%	Copper	12753.50	-\$212.00
			RBA Policy			Equities		
			O/N Cash Rate Target		3.60	ASX200	8775	-56
Other 10-year			Interbank O/N Cash Rate		3.60	Dow Jones	48489	-871
Japan	2.31	1	Probability of a 25bps Hike in Feb		26.9%	S&P500	6797	-143
Germany	2.86	2	RBA Bond Holdings (31 Dec)		A\$250.2b	Stoxx600	603	-4
UK	4.46	4				CSI300	4719	-16

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

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

US investors started their trading week sharply lower, as the global equity sell-off deepened overnight. The S&P 500 dropped by 2.1%, the most since October, while the gauge of stock prices in developed countries, the MSCI World Index, fell by a solid 1.6%. Declines were registered in virtually all major markets, both in Europe and the Asia-Pacific region.

The weak global market sentiment was still driven by geopolitical concerns and tariff threats. The latest event was US President Donald Trump threatening France with a 200% tariff rate on wine if French President Emmanuel Macron does not join the 'Board of Peace', a new project originally endorsed by the United Nations' Security Council to oversee the peace process in Gaza.

The geopolitical concerns saw the US dollar depreciate quite markedly overnight, but the DXY index remains 2.1% above its three-year low from September. The gold price bounced by 2.4% and the silver price rose by 1.6%, both reaching their respective record highs.

Speaking at the World Economic Forum, US Treasury Secretary Scott Bessent called for calm about US plans to take over Greenland, urging countries to 'let things play out', and calling the reaction of European countries 'hysteria'. US President Donald Trump will appear at the Forum later today via a video link.

Long-term government bond yields rose significantly across the globe, led by a surge in Japan. 10-year Japanese bond yields rose to the highest levels since 1997, while 30-year yields reached a record high yesterday. This came after Japan's Prime Minister Sanae Takaichi called a snap election for 8 February, to increase the Parliament majority and secure support for expansionary fiscal policies of her government.

The Japanese yen appreciated slightly overnight but remains close to its nearly two-year lows. The Nikkei lost 1.1% yesterday, though partly due to weak global market sentiment.

In Australia, the ASX 200 dropped by 0.7% yesterday, with utilities, information technology and communication services being the only sectors registering a gain. The Aussie share market opened again lower this morning.

The Australian dollar continues to defy the weak global market sentiment, appreciating against all the major currencies except for the euro. 10-year Commonwealth bond yields rose less than their global equivalents.

The only economic data of note came from the UK, showing the unemployment rate remaining steady at 5.1% over the three months to November, as employment bounced by 82k, more than making up for two negative readings. Growth in average weekly earnings slowed 0.1ppts to a still-solid 4.7% YoY over three months to November.

## Economic Data Review

- **UK:** Unemployment Rate (Sep-Nov) – Actual 5.1%, Expected 5.1%, Previous 5.1%.

## Economic Data Preview

- **UK:** CPI (MoM, Dec) – Expected 0.4%, Previous -0.2%.