

Interest Rates (%)			FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.7099	0.3%	WTI Crude Oil	40.88	\$0.03
90-day Bill	0.08	-1	AUD/JPY	74.85	0.4%	Brent Crude Oil	42.93	-\$0.08
3-year Bond	0.14	-1	AUD/EUR	0.6058	0.2%	Mogas95*	46.10	\$0.00
10-year Bond	0.75	0	AUD/GBP	0.5489	0.0%	CRB Index	151.74	0.00
			AUD/NZD	1.0714	-0.1%	Gold	1900.80	-\$7.21
US			AUD/CNY	4.7536	-0.1%	Silver	24.22	-\$0.07
2-year	0.15	1	EUR/USD	1.1718	0.1%	Iron Ore (62% Fe)**	114.94	\$0.83
10-year	0.76	3	USD/JPY	105.45	0.2%	Iron Ore (20-21 Average)	114.21	\$0.00
			USD/CNY	6.6962	-0.4%	Copper	6740.00	-\$9.00
Other 10-year			RBA Policy			Equities		
Japan	0.02	-1	O/N Cash Rate Target	0.25%		ASX 200	6227	18
Germany	-0.63	-2	Effective O/N Cash	0.13%		Dow Jones	28606	112
UK	0.18	0	RBA Bond Purchases	\$63.4B		S&P500	3484	1
						Stoxx600	367	4
						CSI300	4792	-7

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

**Iron ore is the second SGX futures contract.

Equity markets were mixed on Friday. Australian bond yields closed lower at the end of last week but have increased this morning, while the Aussie dollar is up against the US dollar, euro and Japanese yen.

European equity markets were the standout performers, with the Stoxx 600 gaining 1.2% despite new COVID cases rising to record levels in Europe, with some major countries putting new restrictions in place.

US equities opened strongly on the back of better than expected retail sales numbers and reports that US pharmaceutical giant Pfizer is seeking emergency approval for its COVID-19 vaccine. New cases in the US hit 70k on Friday, the highest level since July. The market fell back late in the session, however, as Democrats put a time limit on stimulus negotiations with the White House. The Republican controlled Senate will this week vote on a US\$500 billion stimulus bill. The Democrat controlled House of Representatives passed a much larger US\$ 2.2 trillion package some weeks ago and they are unlikely to support the much smaller Republican bill.

US government finances came into focus on Friday, with the US Treasury announcing a US\$3.1 trillion deficit for the 2020 fiscal year (ending September). This is 16% of Q2 annualised GDP, the HIGHEST percentage since WWII. News of the deficit, along with strong retail sales data, helped push US Treasury yields higher on Friday. The Aussie government bond yield curve is now pretty much trading flat to the US curve.

The AUD has gained against the big four currencies and is currently on an upward trajectory this morning. However, the New Zealand dollar has been the strongest performer among the G10 trading currencies, boosted by the election result over the weekend.

Commodities were relatively steady. Gold and silver slipped on Friday, while iron ore gained for the first time in a week.

It's a fairly busy calendar this week. Domestically the highlights will be, the RBA Board minutes and weekly payrolls and wages data (4 Oct) on Tuesday, preliminary retail sales (Sep), a speech from RBA deputy governor Guy Debelle on Thursday and the flash CBA PMIs (Oct) on Friday. Elsewhere, the Chinese monthly activity (Sep) and Q2 GDP reports are due today, while the Markit flash PMIs for Japan, Europe and the US (Oct) will be released on Friday.

ECONOMIC DATA REVIEW

- **US:** Retail Sales (MoM, Sep) – Actual 1.9%, Forecast 0.7%, Previous 0.6%.
- **US:** Industrial Production (MoM, Sep) – Actual -0.6%, Forecast 0.5%, Previous 0.4%.

ECONOMIC DATA PREVIEW

- **CH:** Real GDP (YoY, Sep) – Forecast 5.5%, Previous 3.2%.
- **CH:** Industrial Production (YoY, Sep) – Forecast 5.8%, Previous 5.6%.
- **CH:** Urban Fixed Asset Investment (YtD, YoY Sep) - Forecast 0.9%, Previous -0.3%.

DISCLAIMER

Any opinions, judgments, conclusions, forecasts, predictions or estimations contained in this advice are made in reliance on information provided to Western Australian Treasury Corporation which Western Australian Treasury Corporation believes to be reliable. Western Australian Treasury Corporation, however, cannot guarantee the accuracy of that information. Thus, any recommendations are made in good faith but are provided only to assist you with any decisions which you make. These recommendations are not intended to be a substitute for professional advice on a particular matter. Before accepting or rejecting those recommendations you must discuss your particular needs and circumstances with Western Australian Treasury Corporation.