

Interest Rates (%)			FX		Commodities US\$			
Australia		Δ bp	AUD/USD	0.7208	-0.2%	WTI Crude Oil	78.40	\$0.18
90-day Bill	0.05	0	AUD/JPY	83.18	0.0%	Brent Crude Oil	82.25	-\$0.06
3-year Bond	1.03	-2	AUD/EUR	0.6428	0.1%	Mogas95*	92.57	\$3.79
10-year Bond	1.87	-6	AUD/GBP	0.5402	0.1%	CRB Index	238.37	0.23
			AUD/NZD	1.0457	0.7%	Gold	1791.79	\$1.39
			AUD/CNY	4.6071	-0.2%	Silver	23.64	\$0.01
US			EUR/USD	1.1210	-0.3%	Iron Ore (62% Fe)**	103.05	\$4.31
2-year	0.64	2	USD/JPY	115.38	0.6%	Iron Ore (21-22 Average)	140.67	-\$0.36
10-year	1.64	-2	USD/CNY	6.3917	0.0%	Copper	9835.00	\$124.50
			RBA Policy			Equities		
			O/N Cash Rate Target	0.10%		ASX200	7400	3
			Interbank O/N Cash Rate	0.04%		Dow Jones	35804	-10
Other 10-year			RBA Bond Purchases (QE)***	A\$244.2b		S&P500	4701	10
Japan	0.09	1				Stoxx600	480	1
Germany	-0.23	-1				CSI300	4917	4
UK	1.01	1						

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

**Iron ore is the second SGX futures contract.

***QE stands for quantitative easing (the RBA's bond buying program).

The S&P 500 rose overnight after a late rally, supported by a flow of positive surprises in US economic data. US 2-year Treasury yields continued to rise, while the US dollar index appreciated to its highest levels since July 2020.

US economic data was predominantly stronger than expected overnight, with US personal spending rising at the fastest pace since March, which was when it was boosted by the introduction of the Federal government's enhanced unemployment benefit programs, which expired in September. The October increase was driven by a rise in compensation of employees, with government benefit payments falling in the month. Initial jobless claims fell to the lowest levels on record (since 1969). Durable goods orders fell on the back of lower aircraft purchases.

Meanwhile, US inflation remained elevated, with the PCE deflator rising by 0.6% in October, to be up 5.0% YoY.

The FOMC minutes were largely a non-event, though the document stressed that various Committee members were of the opinion that the end of asset purchases and the fed funds rate lift-off could be sooner than currently expected by the FOMC. Speaking overnight, San Francisco President Mary Daly (a voter this year) said she was open to quicker QE tapering and did not rule out one or two fed funds rate hikes next year.

Across the Tasman, the RBNZ increased its official cash rate by 25 bps to 0.75% yesterday. With some market participants expecting a larger increase, the Kiwi dollar depreciated markedly following the announcement. The RBNZ expects the gradual removal of monetary policy accommodation to continue, taking the official cash rate above 2% by the end of 2022.

In Australia, construction work done fell less than expected in Q3 despite a heavy fall in New South Wales due to COVID-19 containment measures.

The Aussie dollar depreciated against the stronger US dollar, while Commonwealth bond yields declined across the yield curve. Yesterday, the RBA bought another A\$800m of Semis, including A\$130m of WATC bonds.

ECONOMIC DATA REVIEW

- **AU:** Construction Work Done (QoQ, Q3) – Actual -0.3%, Expected -3.1%, Previous 2.2% (revised).
- **JN:** PMI Composite (Nov, flash) – Actual 52.5, Previous 50.7.
- **US:** Personal Spending (MoM, Oct) – Actual 1.3%, Expected 0.8%, Previous 0.6%.
- **US:** Personal Income (MoM, Oct) – Actual 0.5%, Expected 0.2%, Previous -1.0%.
- **US:** PCE Deflator (YoY, Oct) – Actual 5.0%, Expected 5.1%, Previous 4.4%.
- **US:** Durable Goods Orders (MoM, Oct) – Actual -0.5%, Expected 0.2%, Previous -0.4% (revised).
- **US:** Initial Jobless Claims (w/e 20 Nov) – Actual 199k, Expected 260k, Previous 270k (revised).

ECONOMIC DATA PREVIEW

- **AU:** Private Capex (QoQ, Q3) – Expected -2.0%, Previous 4.4%.
- **AU:** Payroll Jobs (fortnightly change, f/e 30 Oct) – Previous 0.2%.
- **EZ:** ECB Minutes.

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