

The week that was

- Australian inflation data for Q4 2025 was a touch stronger than markets and the Reserve Bank of Australia (RBA) had expected. This follows inflation surprising to the upside in Q3 and increases the chances of the RBA raising rates this week, which is now seen as the most likely outcome by investors and many economists.
- While Australian bond yields and equity market were little changed last week, the Australian dollar appreciated further, to around US\$0.70. Firming rate hike expectations in Australia have supported the Australian dollar, as well as a broadly weaker US dollar and strength in some commodity prices.
- The US Federal Reserve (US Fed) left interest rates unchanged last week, as was widely expected. Despite US inflation remaining above target and the economy remaining solid, investors expect 2 rate cuts in 2026.
- On Friday, President Trump announced that he will nominate Kevin Warsh as the next Chair of the US Fed. Despite Warsh arguing for lower US interest rates throughout 2025, he was hawkish during his time as US Fed Governor (2006 -2011). This saw the US dollar rise and equities fall after the announcement. Markets will be watching to see if Warsh returns to his hawkish tendencies or remains more dovish, in line with the wishes of the President.
- The US S&P500 rose by 0.3% last week, weighed down by some large tech companies. The ASX200 declined by 0.1%, despite continued strong gains in mining stocks.

Economic calendar

Monday 02/02	US: ISM Manufacturing, Jan
Tuesday 03/02	AU: RBA policy decision US: JOLTS job openings, Dec
Wednesday 04/02	US: ISM Services, Jan
Thursday 05/02	EU: ECB policy decision UK: Bank of England policy decision
Friday 06/02	US: Non-farm payrolls, Jan

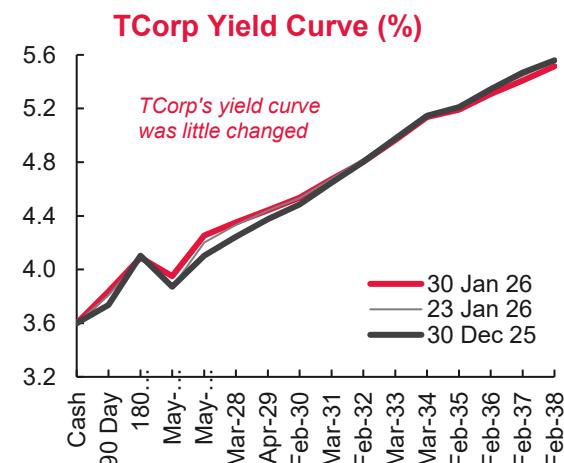
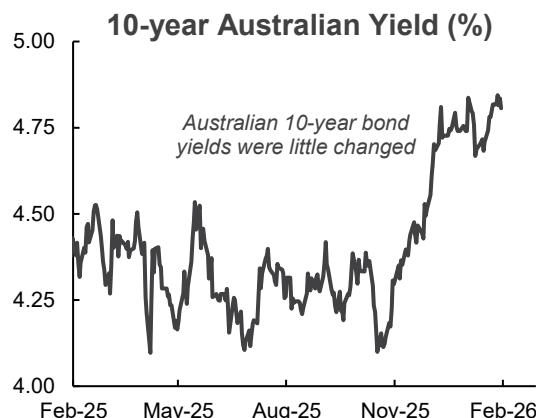
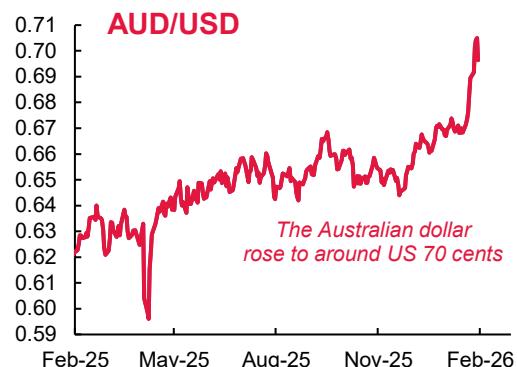
The week ahead

- The RBA's policy decision on Tuesday will be the focus locally, with a rate hike seen as likely.
- Offshore, non-farm payrolls in the US are the key data. The central banks of Europe and the UK are expected to keep rates on hold.

Weekly economic report

2 February 2025

Financial markets charts



Financial markets data: Week ending 30 January 2026

INTEREST RATES	CLOSE (%)	1 WEEK (BPS)	YTD (BPS)
RBA Cash Rate	3.60	0	-
90-day BBSW	3.84	3	10
3-year Australian Bond Yield	4.27	0	13
10-year Australian Bond Yield	4.81	-1	7
20-year Australian Bond Yield	5.24	-3	6
10-year Australian Break-Even Inflation	2.35	0	4
10-year Australian Real Yield	2.46	-1	2
Fed Funds Rate (lower bound)	3.50	0	0
2-year US Treasury Yield	3.52	-7	5
10-year US Treasury Yield	4.24	1	7
30-year US Treasury Yield	4.87	5	3
10-year German Bund Yield	2.84	-6	-1
NSW TCorp Bonds	3.95	8	8
4.00% 20 May 2026	4.25	5	15
3.00% 20 May 2027	4.35	2	10
3.00% 20 March 2028	4.44	0	6
3.00% 20 April 2029	4.54	0	5
3.00% 20 February 2030	4.67	0	3
2.00% 20 March 2031	4.80	-2	0
1.50% 20 February 2032	4.97	-2	0
2.00% 8 March 2033	5.14	-2	0
1.75% 20 March 2034	5.19	-2	-1
4.75% 20 February 2035	5.31	-3	-3
4.25% 20 February 2036	5.41	-4	-5
4.75% 20 February 2037	5.52	-4	-4
5.25% 24 February 2038	3.95	8	8
2.50% 20 November 2035 CIB	2.87	-5	-1
10-year NSW TCorp Bond Yield	5.28	-2	-2
10-year TCV (Victoria) Spread	0.07	1	1
10-year QTC (Queensland) Spread	0.07	0	-1
Equities	Close	1 Week	YTD
S&P/ASX200 (Australia)	8,869	0.1%	1.8%
S&P500 (US)	6,939	0.3%	1.4%
FTSE 100 (UK)	10,224	0.8%	2.9%
DJ Stoxx600 (Europe)	611	0.4%	3.2%
Nikkei 225 (Japan)	53,323	-1.0%	5.9%
Shanghai Composite (China)	4,118	-0.4%	3.8%
Currencies	Close	1 Week	YTD
AUD/USD	0.696	1.0%	4.4%
EUR/USD	1.185	0.2%	0.9%
USD/JPY	154.78	-0.6%	-1.2%
GBP/USD	1.37	0.3%	1.6%
US\$ Index	96.99	-0.6%	-1.4%
Commodities	Close	1 Week	YTD
Brent Oil (US\$/bbl)	70.69	7.3%	16.2%
Iron Ore (US\$/t)	105.62	-0.2%	-1.5%
Coking Coal (US\$/t)	150.65	0.7%	0.7%
Gold (US\$/oz)	4,894.23	-1.9%	13.3%

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