



Market Update



Australia

Looking Back

- NAB's business survey for December was disappointingly weak, with the largest monthly fall since the GFC.
- Q4 CPI was slightly better than expected, however the 1.8% annual rate of inflation remains below the RBA's target band.
- Building approvals for December were down 8.4%, the second month in a row of extremely weak data. Approvals are down 22.5% from a year ago.
- The Royal Commission report was made public yesterday afternoon. This will have significant implications for the financial services industry.

Looking Forward

- The RBA board is meeting for the first time this year today. Given no change in the cash rates is expected, we will be looking for any change to their outlook for housing prices and flow on impact on the broader economy. How far can house prices fall before the RBA steps in to support it with a rate cut?
- RBA Governor Lowe is speaking on Wednesday and the quarterly Statement on Monetary Policy (SOMP) is out Friday, so plenty of opportunity for commentary on the rates outlook.

Offshore

Looking Back

- US jobs data was stronger than expected, raising questions as to whether the Fed's new found dovishness will last.
- Theresa May is heading back to Brussels with a mandate from her parliament to renegotiate the deal.

Looking Forward

- Chinese New Year today so much of Asia is out this week.
- Looking for a longer term solution to avoid another US Government shutdown.
- The next significant Brexit vote will be on the 14th February.

- US/Chinese trade talks are ongoing, with the Trump and Xi due to meet at the end of February.
- Check out the latest articles on our global economics and research page <https://think.ing.com/>.

Market snapshot

Rates			
Australia	5/02/2019	28/01/2019	Change
RBA Cash Rate	1.50%	1.50%	0.00%
1 Month BBSW	2.01%	2.03%	-0.02%
3 Month BBSW	2.04%	2.08%	-0.04%
6 Month BBSW	2.16%	2.19%	-0.03%
1 Year Swap	1.92%	1.94%	-0.02%
3 Year Bond Futures	1.74%	1.71%	0.03%
10 Year Bond Futures	2.24%	2.23%	0.01%
U.S.	5/02/2019	28/01/2019	Change
2 Year Bond Futures	2.53%	2.59%	-0.06%
10 Year Bond Futures	2.70%	2.74%	-0.04%
Equities			
ASX 200	5,891	5,906	-15
S&P 500	2,719	2,637	82
FX			
AUD/USD	0.7224	0.7167	0.0057
AUD/NZD	1.0494	1.0491	0.0003
AUD/EUR	0.6319	0.6271	0.0048
AUD/GBP	0.554	0.5446	0.0094
Commodities			

Gold	\$1,313.83	\$1,302.62	\$11.21
Oil	\$54.60	\$51.99	\$2.61
Iron ore	\$86.90	\$74.72	\$12.18

Did you know?

The ING International Survey - Homes and Mortgages 2018 - Sustainable Homes surveyed nearly 15,000 across Europe, the USA and Australia. It found that while most countries agreed that working together will create more of an impact, 71% of Australians disagreed that "Living in my home has a significant impact". When they were asked why they disagreed, 57% said they reduce impact daily and 43% said they have already made changes to their home. [Click here](#) to read more.

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