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U.S. GOVERNMENT SHUTDOWN DISTORTED JOB MARKET AND INFLATION DATA, FUELS UNCERTAINTIES ON FED'S OUTLOOK

U.S. job market stands on shaky grounds. Employment momentum in the U.S. remains highly volatile as delayed figures showed that nonfarm payrolls (NFP) declined a significant 105K in October, marking the steepest contraction since 2020, before rebounding by 64K in November. Looking closer, October's slump was driven by a 162K decline in federal government payrolls, followed by a 6K loss in November, amid Trump's restructuring agenda. The bleak picture deteriorates further with revisions to earlier data, highlighting the sluggishness of hiring momentum. Payrolls in August was slashed by 22K to reveal a 26K decline while September's figure was revised lower by 11K, bringing it down to 108K. The data set accentuates the fragility of the job market, signalling persistent cautiousness among firms surrounding hiring and business activity amid the heightened policy uncertainty under Trump's administration. Furthermore, the unemployment rate had increased to 4.6% in November from 4.4% in September, breaching the highest level since September 2021. All in all, the job market appears to be on shaky grounds, reinforcing confidence that downside risks to employment remains stacked against the upside risks to inflation thus far. Nevertheless, the sharp fluctuations in the figures could also be attributed to disruptions in survey response rata and data collection due to the government shutdown. This places greater weight on December's payrolls report for clearer signals on the health of the job market and how it will weigh in on the Fed's policy outlook.

Similarly, the softer-than-expected inflation readings should be interpreted with caution, as they were likely distorted by the federal government shutdown. Headline inflation moderated to 2.7% in November from 3.0% in September, marking its lowest level since July. While the print came in below market expectations of 3.1% and appeared to signal easing price pressures, the reliability of the data is questionable. The 43-day shutdown meant that the Bureau of Labor Statistics (BLS) did not collect inflation data for October, while November's figures were compiled over a shortened reference period, potentially understating actual price pressures. The absence of November's monthly breakdown further compounds uncertainty around the true inflation trajectory. Core inflation also eased, slowing to 2.6% in November from 3.0% in September, the softest pace since March 2021. However, available details suggest underlying price pressures remain elevated. Energy prices rose 4.2% YoY, driven by sharp increases in fuel oil (+11.3%) and natural gas (+9.1%). Price gains were also recorded across several key categories, including household furnishings (+4.6%), used cars and trucks (+3.6%), shelter (+3.0%), medical care (+2.9%), food (+2.6%) and recreation (+1.8%). Against this backdrop, investors have adopted a cautious stance in interpreting the November inflation report rather than turning decisively optimistic. The prevailing view remains that the likelihood of a rate cut in the first quarter is low. As such, greater emphasis will be placed on the December inflation report, which should provide a clearer signal on underlying price dynamics once the distortions from the federal shutdown have fully unwound.

Upcoming Events: Key Economic Data Release

Monday	**Malaysia Inflation Figures (November), People's Bank of China Loan Prime Rates**
Tuesday	**U.S. 3Q2025 GDP Figures, Singapore Inflation Figures (November), U.S. Industrial Production (October & November)**
Wednesday	**U.S. Weekly Jobless Claims**
Thursday	**Japan Construction Orders (November)**
Friday	**Japan Unemployment Rate (November), Industrial Production (November) & Retail Sales (November), Singapore Industrial Production (November)**

Table 1: Selected Currencies Overview

	5-Dec	12-Dec	19-Dec	WoW	YTD
DXY Index	98.99	98.40	98.60	0.2%	-9.1%
USDMYR	4.11	4.10	4.08	-0.5%	-8.9%
XAUUSD	98.99	4,299.63	4,338.88	0.9%	65.3%
EURUSD	1.16	1.17	1.17	-0.3%	13.1%
GBPUSD	1.33	1.34	1.34	0.1%	6.9%
AUDUSD	0.66	0.67	0.66	-0.6%	6.9%
USDSGD	1.30	1.29	1.29	0.1%	-5.3%
USDJPY	155.33	155.81	157.75	1.2%	0.3%
USDCNY	7.07	7.06	7.04	-0.2%	-3.5%

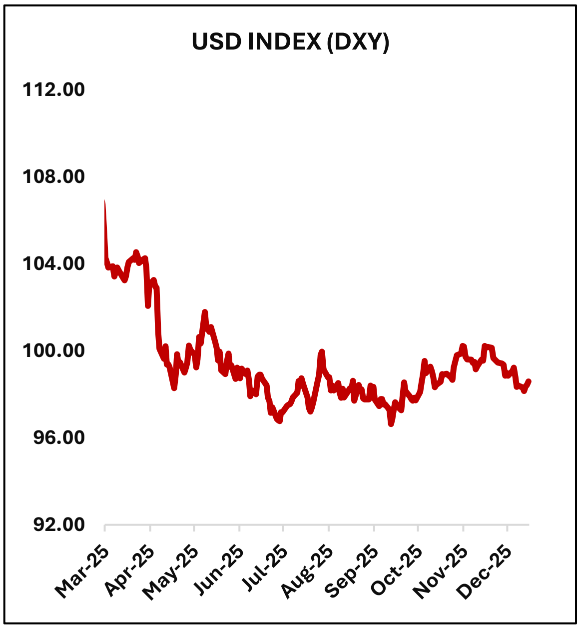
Sources: Bloomberg, Bank Islam

Commentaries

DXY: USD dipped as softer private hiring figures reinforced rate cut hopes

The USD Index climbed by 0.2% w-o-w for the week ending December 12, underpinned by cautious sentiments surrounding the Fed's policy outlook. While the job market data highlighted an increasingly fragile hiring momentum alongside rising unemployment, investors remained steadfast in anticipating a more gradual pace of easing by the central bank. While the pace of job growth is broadly weak in 2H2025, November saw a slight uptick, just enough to give markets pause. It could be either signs of a pickup in momentum or distortions in the data collection due to the government shutdown. Nonetheless, it had shifted attention to the December payrolls report for clearer signals on job market conditions, placing cautious investors on hold for the moment. Similarly, the inflation prints also told the same story; one of uncertainty as the federal shutdown suspended regular operations. As such, the notable moderation in both headline and core inflations had done little to move markets, keeping the USD trending within a limited range.

Short-term outlook: Looking ahead, markets maintain their cautiousness on the Fed's policy outlook, refraining from reacting aggressively to the soft job market figures and sharp reversal in inflationary trends. Meanwhile, the much-anticipated 3Q2025 GDP data is slated to be released on Tuesday, granting a closer look into how the dynamics of consumer demand, policy shifts and external demand has affected economic activities. Previously, the economy had displayed remarkable resilience despite the turbulent global trade environment and cooling job market conditions, underpinned by robust consumer demand. Should the trend persist into the third quarter, it would further douse the urgency for more Fed easing, weighing in on policy expectations. As such, we expect the USD to trade cautiously in the near term, with movements likely within the 98.30–99.10 range.

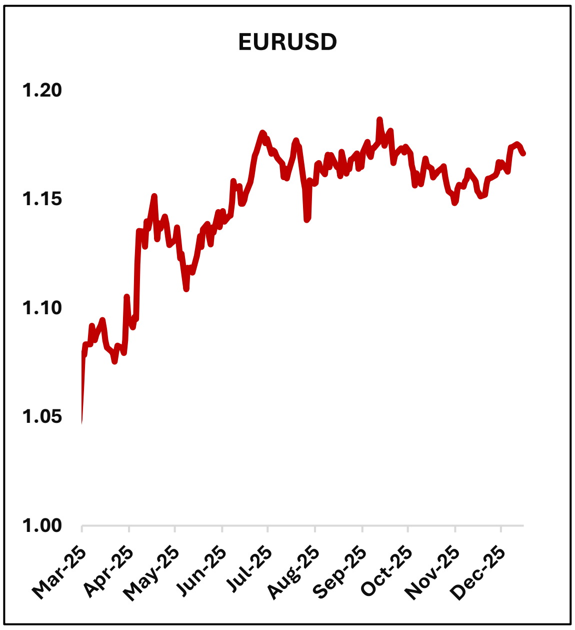


Source: Bloomberg

EURUSD: Euro depreciated despite a slew of positive economic data

The euro (EUR) dipped 0.3% w-o-w, despite the European Central Bank (ECB) maintaining its monetary policy stance, with the main refinancing rate at 2.15% and the deposit facility rate at 2.0%. The decision was fully priced in by markets, keeping the EUR largely stable following the announcement. ECB President Christine Lagarde noted that neither rate hikes nor cuts were under discussion, signalling that the central bank has comfortably concluded its easing cycle. Supporting this view, the ECB revised up its GDP growth projections to 1.4% in 2025, 1.2% in 2026, and 1.4% in 2027, reflecting stronger-than-expected economic resilience. Industrial production also showed signs of gradual pickup, expanding 2.0% y-o-y in October (Sep: 1.2%), slightly above estimates of 1.9%, suggesting the region's manufacturing sector is regaining momentum. Meanwhile, November headline inflation was revised down to 2.1% from an earlier estimate of 2.2% (Oct: 2.1%), while core inflation remained steady at 2.4% for the second consecutive month. Taken together, the combination of solid growth and stable inflation indicates that the ECB is well-positioned to maintain its current policy rates in the near term.

Short-term Outlook: Looking ahead, it will be a relatively light calendar week for the region. With the economy appearing on a stable footing despite the global trade turmoil, fiscal concerns and internal political instabilities, there seems to be little catalyst that would significantly sway the ECB. Taking cues from ECB President Lagarde's previous remark that any adjustments will be made to keep inflation to target, the favourable inflation prints seen in November backs the case for a steady ECB. As such, near-term EUR/USD movement is expected to be driven by the USD with the pair trading within a neutral to slightly bullish bias within the 1.1710–1.1760 trading range.

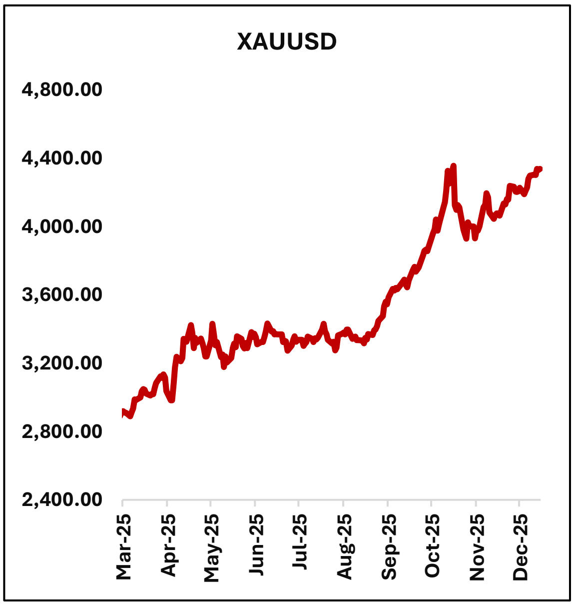


Source: Bloomberg

XAUUSD: Gold price continued to climb as markets weighed in on Fed's policy outlook

Gold prices rose by 0.9% w-o-w, driven by bargain-hunting activity, breaking above the USD4,300 resistance level. The rally pushed prices to a nine-week high, with gold closing at USD4,338.88 on Friday. Thus far, demand for the bullion was underpinned by expectations surrounding the Fed's easing cycle as well as prolonged geopolitical tensions across several fronts, providing additional safe haven demand. The Russia–Ukraine conflict remains in a stalemate as repeated peace efforts have failed, while disputes between China and Japan show no clear resolution, and clashes along the Thailand–Cambodia border persist. At the same time, central bank purchases continue to underpin gold demand, as authorities diversify reserves away from dollar-denominated assets. Investor appetite has been further bolstered by strong ETF inflows, with gold ETFs recording a net inflow of USD82 billion, equivalent to 746 tonnes, so far in 2025. According to the World Gold Council, this robust demand has underpinned gold's uptrend in 2025 and is expected to sustain momentum into 2026.

Short-term Outlook: Looking ahead, gold price is anticipated to build on its upward momentum, testing the USD4,400-resistance level this week. As of Monday, the bullion price has marked a fresh high of USD4,383.76. Meanwhile, the immediate support is seen around USD4,350. While the mixed bag of U.S. economic data did not sway investor expectations meaningfully, the broader Fed easing trajectory will provide modest support to the bullion. Moreover, increased demand ahead of the holidays will also emerge as a tailwind.

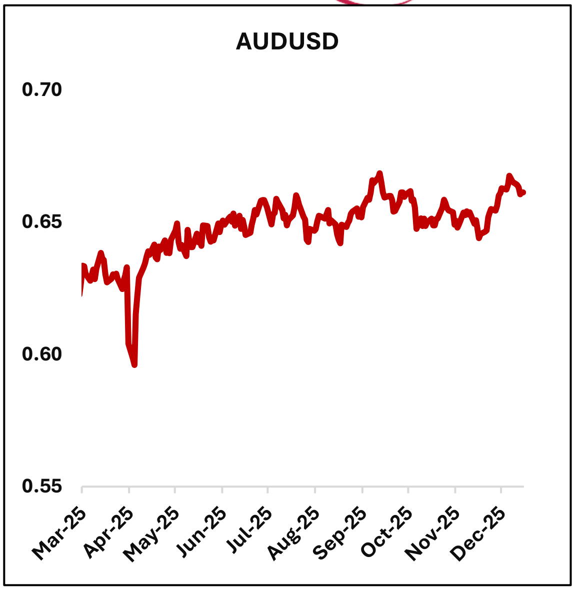


Source: Bloomberg

AUDUSD: Australian Dollar depreciated as consumer confidence took a hit

The Australian dollar weakened by 0.6% w-o-w as the Consumer Sentiment Index declined by 9.0% m-o-m to 94.5 in December from 103.8 in November, marking the first decline below the 100-level since February 2022. Economic sentiments worsened during the month with the one-year outlook falling by 9.7%

to 94.6 while the five-year view plunged by 11.7% to 95.7. It appears that inflationary pressures are weighing in on consumer confidence, heightening jitters that the Reserve Bank of Australia (RBA) would maintain its cash rate at restrictive levels for longer than expected. As a result, environment of tighter financial conditions will persist for longer, dampening business confidence and spilling over into the job market. In anticipation of this scenario, consumers are increasingly anxious, exacerbated by the latest uptick in price pressures. Of note, headline inflation grew by 3.8% y-o-y in October while RBA's trimmed mean inflation increased to 3.3%, persistently elevated above the 2-3% target range. As price pressures continued to rise, consumer confidence had withdrawn, exerting pressure on the AUD. This has also overshadowed the expansion of the manufacturing sector as preliminary estimates showed that manufacturing Purchasing Managers' Index (PMI) climbed to a four-month high of 52.2 points in December (Nov: 51.6) amid growths in both new orders and output levels.

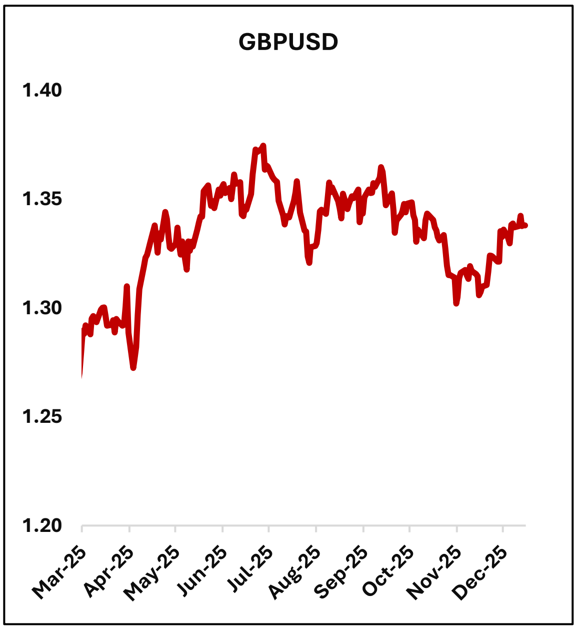


Source: Bloomberg

Short-term Outlook: Looking ahead, RBA's December meeting minutes will be closely watched to gain further insights into policymakers' discussions in maintaining the cash rate at 3.6% and how the interplay of rising inflation, softer growth and cooling labour market conditions will shape the RBA's policy outlook in 2026. As such, we maintain a slightly bullish view on AUD/USD, expecting the pair to trade within a 0.6420–0.6690 range.

GBPUSD: British Pound climbed amid Bank of England (BOE)'s rate cut

The British pound (GBP) rose by a marginal 0.1% w-o-w following the BOE's final meeting of the year where the central bank reduced its Bank Rate by 25 bps to 3.75%. The decision was attributed to a favourable disinflation trend alongside clearer signs of slowdown across economic sectors, necessitating a looser monetary policy stance to support the economy. On one hand, inflation showed signs of moderating, albeit remaining persistently above target, as the headline reading slowed to an eight-month low of 3.2% in November (Oct: 3.6%). Meanwhile, core inflation also eased to 3.2% in the same month from 3.4% in October. This suggested that the monetary policy has been sufficiently restrictive, granting the BOE space to deliver its latest cut. On the other hand, October's GDP had declined by 0.1%, marking the second month of contraction and fourth straight month without growth, further supporting the timeliness of the BOE's response. However, the policy vote reinforced the deep split within the committee with five participants favouring the quarter-point cut while four others voted to keep the bank rate unchanged. The divide underscored the central bank's mounting task in striking the right balance between curbing elevated price pressures without risking growth, causing markets to pare back their rate cut expectations moving forward. While the economic data all but solidifies the case for a rate cut, it appears that several policymakers remain cautious of upside risks to the inflation outlook.

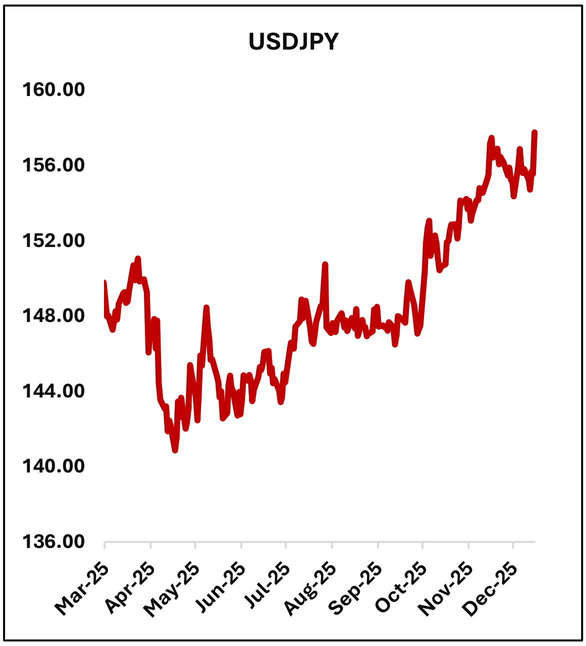


Source: Bloomberg

Short-term Outlook: Notwithstanding the cautious split within the Committee, softening economic indicators pointed to more easing down the road for the BOE. The three-month GDP average to October contracted by 0.1%, marking the first decline since late 2023 while labour market conditions continued to cool. UK's unemployment rate ticked up to 5.1% in November (Oct: 5.0%) while October payrolls fell by 16K, extending the 22K decline recorded in September. Additionally, consumer demand also eased as November retail sales grew by 0.6% y-o-y, missing estimates of 0.9%. On a monthly basis, it fell by 0.1% (Oct: -0.9%) against expectations of a rebound of 0.4%. This week, the final estimate of UK's 3Q2025 GDP figures will be released, giving a broader look at the health of the economy. Amid the weaker monthly indicators and the second GDP growth estimate of just 0.1% q-o-q, this reinforces the BOE's broader easing trajectory. As such, the GBP/USD is expected to trade with a slightly bullish bias, moving within the 1.3340–1.3450 range.

USDJPY: Japanese Yen depreciated amid BOJ's 25 bps rate hike

The Japanese yen (JPY) weakened by 1.2% w-o-w as the Bank of Japan (BOJ) unanimously raised its key short-term interest rate by 25bps to 0.75% at its final meeting of the year meeting, bringing it to the highest level since September 1995. The decision was driven by elevated price pressures as headline inflation increased by 2.9% y-o-y in November while core inflation steadied at 3.0%. Following the decision, 2-year Japanese government bond (JGB) yield climbed to the highest level since 1997 at 1.10% while the 10-year yield rose above 2.02%, a level last seen in 1999. However, the move raised jitters of constricting the Japanese economic growth, especially as the third quarter GDP had declined sharply by 2.3% y-o-y (2Q25: 2.1%). Notably, private consumption recorded the smallest increase in three quarters while capital expenditure shrank, suggesting that higher borrowing costs have begun to weigh on consumer demand and investment momentum. As such, the latest rate hike would tighten financial conditions further, casting a gloomy light over the economic outlook. Nevertheless, the BOJ projects firms to continue delivering steady wage increases in 2026 which would provide tailwinds to consumer spending. Additionally, the board noted that real interest rates remain "significantly negative" and overall financial conditions are still broadly accommodative, reassuring markets that economic growth remains well-supported.

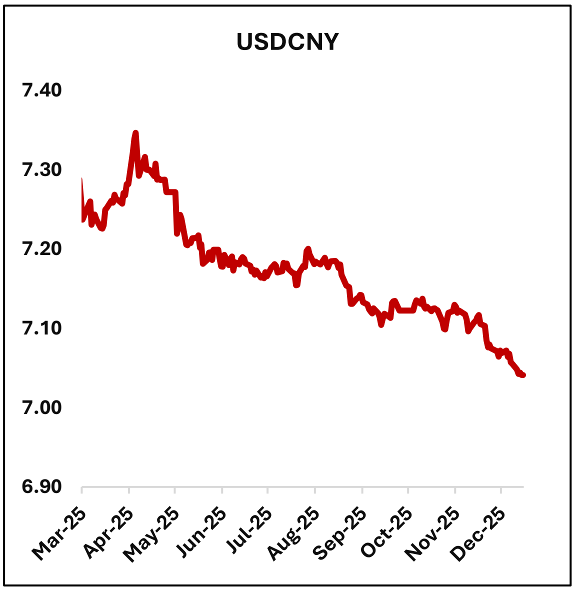


Source: Bloomberg

Short-term Outlook: Looking ahead, markets are closely watching the BoJ's December meeting minutes, scheduled for release on Wednesday, to gain deeper insight into the central bank's deliberations. With the BOJ navigating the delicate balance between managing elevated inflation and supporting a slowing economy, the minutes are expected to offer valuable clues on the Board's policy considerations and potential future actions. Furthermore, Japan's unemployment rate, industrial production and retail sales data will be released on Friday. Taken together, this will provide investors with a comprehensive look at the economy in shaping their policy expectations. As such, we hold a bullish view on USD/JPY, with a likely trading range of 156.25–157.90.

USDCNY: Chinese Yuan appreciated despite softness in manufacturing activity

The Chinese yuan (CNY) climbed by 0.2% w-o-w last week despite a slew of weaker than expected economic data, bolstered by expectations of the People's Bank of China (PBOC) maintaining its Loan Prome Rates (LPR) steady this week. Latest figures showed that China's industrial production grew by 4.8% y-o-y in November (Oct: 4.9%), marking the softest pace since August 2024. This is underpinned by smaller increases in manufacturing (Nov: 4.6% vs. Oct: 4.9%) and utilities output (Nov: 4.3% vs. Oct: 5.4%) while mining production expanded (Nov: 6.3% vs. Oct: 4.5%). While the industrial sectors remained resilience, the moderation fuelled broader concerns that the Chinese economy's engine may be gradually losing steam. While it had rose above choppy waters amid a mix of trade resilience, policy support and structural strength, the economy appeared to ease in the third quarter and latest indicators suggested this trend to continue into 4Q2025. Furthermore, consumer spending is seemingly slowing down too as November retail sales moderated to 1.3% y-o-y compared to 2.9% y-o-y in October, missing consensus estimates of a 2.9% gain. This marked the lowest level since December 2022 despite the government's fiscal support measures, dragged by subdued consumer confidence and prolonged uncertainties.

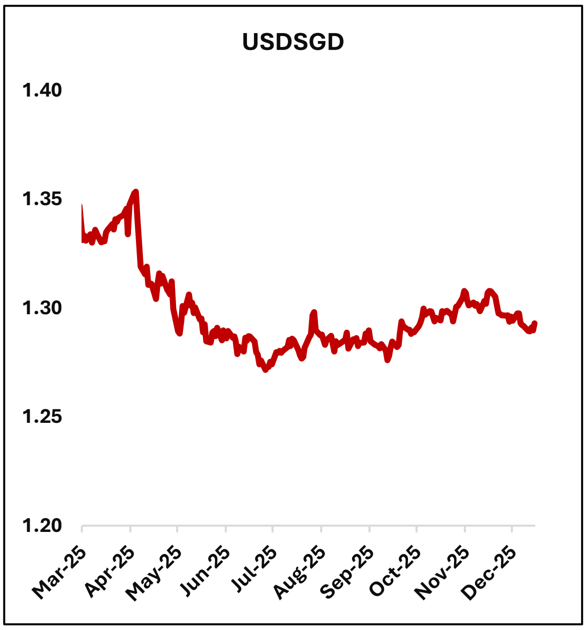


Source: Bloomberg

Short-term Outlook: While domestic demand has buoyed the economy thus far, China's sluggish consumer spending momentum struggles to pick up. Despite proactive fiscal stimulus and solid labour market conditions, consumer spending patterns still prioritizes savings amid heightened caution following the country's property slump and global trade and health crises. Given the downside risks to growth and stable inflation outlook, the PBOC appears well-positioned to maintain its LPR at the current levels, providing modest support to the CNY. Nevertheless, markets have priced in the probability which would keep the USD/CNY trading within a 7.0405–7.0460 limited range.

USDSGD: Singaporean Dollar declined amid moderation in exports

The Singapore dollar weakened by 0.1% w-o-w following signs of a fragile recovery in Singapore's exports. Latest figures showed that non-oil domestic exports (NODX) moderated to 11.6% y-o-y, albeit still posting a double-digit growth, in November compared to a sharp surge of 21.7% in October. While this print appears robust on the surface, it pointed to an uneven underlying pace of recovery. Amid the period of prolonged global trade volatility, Singapore's exports had fluctuated sharply, accelerating as high as 12.9% amid rapid frontloading activities while plunging as low as 11.5% as businesses grew increasingly cautious. This pointed to a trade environment that is highly vulnerable to external shock, making it complicated to gauge its trade outlook ahead. Looking closer, electronic exports expanded by 13.1% in the same month, much slower than a 33.1% surge in October, while non-electronic exports increased by 11.1% (Oct: 18.1%). Notably, shipments to the U.S. jumped by an impressive 106% following a 12.5% in October, indicating sharp recovery in demand. However, this reinforced the question of the sustainability of the recovery momentum. The spike is likely driven by a temporary rebound in demand following the conclusion of Trump's reciprocal tariffs, rather than reflecting steady demand for Singapore's goods. Shipments to Taiwan (15.7%), South Korea (12.6%), Malaysia (6.5%), China (4.7%), and the EU (66.3%) also recorded increases while exports to Indonesia (-33.9%), Japan (-27.6%), and Hong Kong (-20.2%) declined.

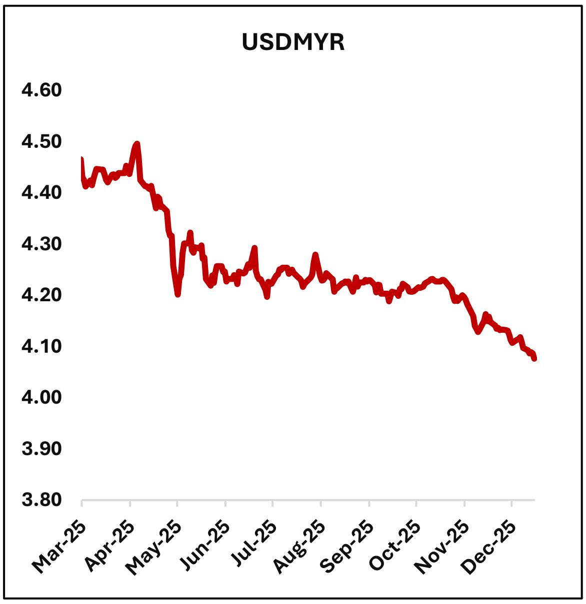


Source: Bloomberg

Short-term Outlook: Moving forward, the inflation figures will be released on Tuesday, shedding some light into the current landscape of consumer prices and demand dynamics. Given the uneven momentum of its trade performance, domestic demand will offer some stability to Singapore's 2026 outlook. On one hand, labour market conditions remain tight while wage growth remains solid, providing support to consumer spending. Additionally, industrial production data will be released on Friday, giving a different look into the economy. We maintain a slightly bullish view on USD/SGD, expecting the pair to trade within the 1.2895–1.2940 range.

USDMYR: The Ringgit breached the RM4.08-level on Thursday

The ringgit remained on a roll, extending its bullish momentum to appreciate by 0.5% w-o-w last week. The local note rallied past the RM4.08-level on Thursday before marking the strongest level since October 2020 at RM4.075 on Friday. Such performance underscored expectations of narrowing interest rate differentials between the Fed's Federal Funds Rate (FFR) and Bank Negara Malaysia (BNM)'s Overnight Policy Rate (OPR) alongside broader optimism among investors surrounding Malaysia's growth prospects. Of note, Malaysia's Industrial Production Index (IPI) marked the highest level since September 2022 as it grew by 6.0% y-o-y in October amid an expansion in manufacturing output (Oct: 6.5% vs. Sep: 5.0%) while mining (Oct: 5.8% vs. Sep: 10.2%) and electricity (Oct: 1.2% vs. Sep: 2.8%) output recorded softer increases. The growth in manufacturing output was driven mainly by export-oriented industries (Oct: 7.2% vs. Sep: 4.8%), suggesting that external demand is rebounding amid easing global trade uncertainties. Meanwhile, distributive trade sales accelerated at the fastest pace in over two years, increasing by 7.2% y-o-y in October from 6.6% in September. This was driven by strong growth in wholesale trade (Oct: 7.3% vs. Sep: 6.9%) and motor vehicle sales (Oct: 8.2% vs. Sep: 4.3%) while retail trade eased slightly to 6.8% from 7.0% in the previous month. The set of data kicked off the final quarter of the year on a positive note, reinforcing the resilience displayed by the Malaysian economy and lifting investor confidence to underpin the MYR acceleration. Meanwhile, exports had moderated to 7.0% in November from 15.7% in October while imports rose by 15.8% y-o-y (Oct: 11.2%). Despite the softer export print, Malaysia's overall trade performance remained positive as it expanded by 11.1%.



Short-term Outlook: Looking ahead, Malaysia's consumer inflation data is set for release on Monday, offering a closer view of underlying price dynamics. Despite several fiscal reforms implemented this year, inflationary pressures have remained contained, supported by clear communication and the structured, gradual rollout of policy changes. As a result, inflation is expected to remain broadly stable in November, providing continued support for Malaysia's growth outlook. We maintain a bearish view on USD/MYR, expecting the pair to trade within 4.07–4.10 range.

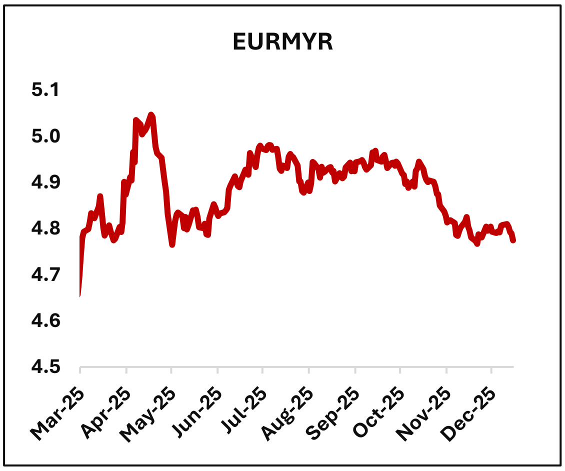
Table 2: Selected Currencies Overview (MYR Crosses)

Column1	5-Dec	12-Dec	19-Dec	WoW	YTD
USDMYR	4.1108	4.0970	4.0760	-0.5%	-8.9%
EURMYR	4.7927	4.8074	4.7743	-0.7%	2.5%
GBPMYR	5.4864	5.4828	5.4547	-0.5%	-2.9%
SGDMYR	3.1756	3.1726	3.1542	-0.6%	-4.0%
JPYMYR	2.6470	2.6296	2.5840	-1.7%	-9.2%
AUDMYR	2.7259	2.7325	2.6937	-1.4%	-3.1%
CNYMYR	0.5817	0.5808	0.5789	-0.3%	-5.5%

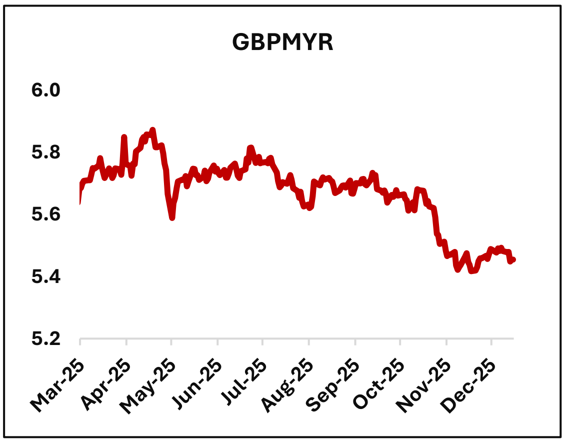
Sources: Bloomberg, Bank Islam

Short Term Outlook for Ringgit Pairs

The outlook for EUR/MYR is neutral to mildly bearish as both central banks appear well-positioned to maintain their respective monetary policies in the near term. The ECB has signalled that its easing cycle has likely concluded, with ECB President Lagarde noting that future adjustments will depend on inflationary developments. The current stability in inflation reinforces expectations that the central bank is likely to maintain its policy stance in the near term. At the same time, downside risks to employment and economic growth appear to have eased, reducing any immediate pressure for policy intervention. Similarly, we anticipate BNM to maintain the OPR at 2.75% given the subdued price pressures and solid growth prospects. Against this backdrop, the EUR/MYR pair is expected to trade within a limited range this week.

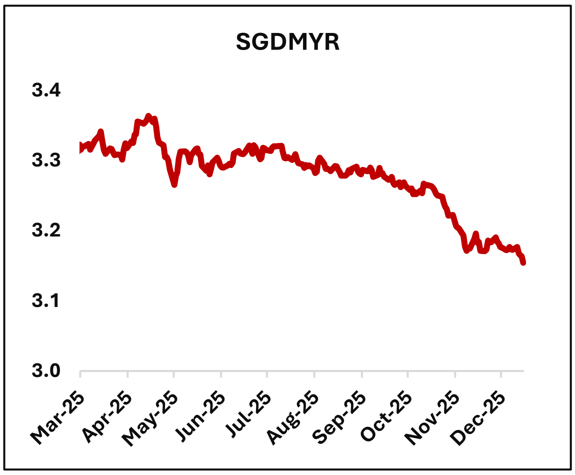


The outlook for GBP/MYR remains bearish as weaker than expected October GDP and cooling labour market conditions heightens bets of more easing by the BOE in 2026. Tighter financial conditions and broader economic uncertainties are increasingly bearing down on consumer confidence, chipping away at consumer demand. Additionally, price pressures have been on a disinflationary trend, granting the central bank leeway to ease its monetary stance. As a result, investors are anticipating further cuts to the BoE's policy rate in 2026. In contrast, BNM is expected to maintain a steady OPR, supporting the appeal of the MYR. Malaysia's upcoming inflation data this week is likely to reinforce this outlook, leading the GBP/MYR pair to trade with a bearish bias.



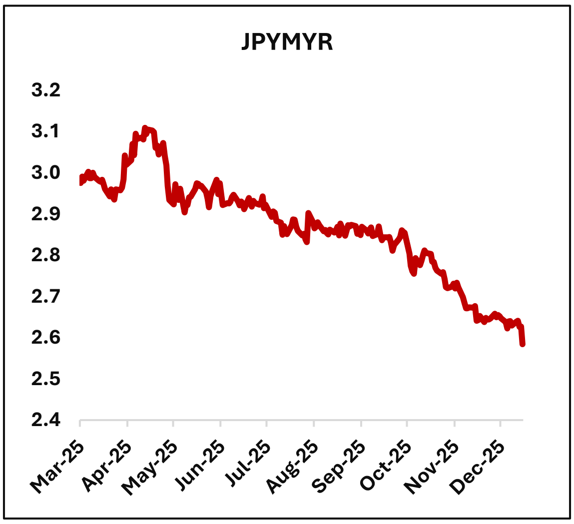
Source: Bloomberg

The outlook for SGD/MYR remains mildly bearish as both economies remained relatively matched in terms of growth prospects. This week, inflation figures for both economies will be released, giving a greater insight into the current state of inflation dynamics. Nevertheless, both countries have displayed stable inflationary trends thus far which would mean that the inflation prints has little catalyst to meaningfully drive the SGD/MYR momentum. However, the MYR would likely benefit from its bullish trajectory, giving it a slight edge over the SGD.



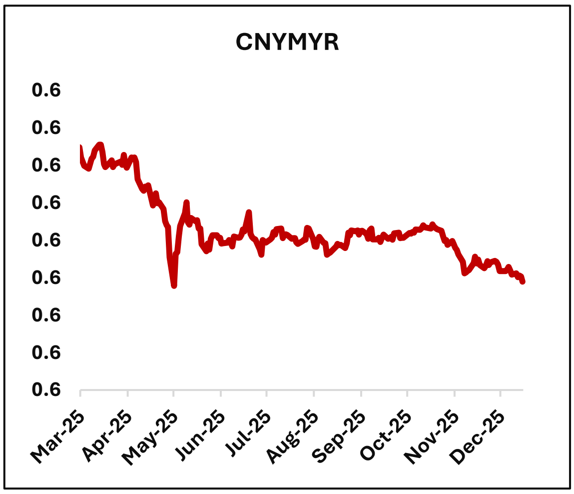
Source: Bloomberg

The outlook for JPY/MYR is slightly bearish given the softer momentum of the JPY. Despite the BOJ's 25 bps rate hike last week, its policy path in 2026 is littered with uncertainties. While its December decision was supported by elevated price pressures, the Japanese economy appeared to be steadily losing momentum. Growth in the third quarter had shrunk while consumer spending and investment was subdued. While the central bank remains optimistic that 2026 wage growth will provide crucial support to consumer demand, markets are less convinced. Additionally, the central bank noted that financial conditions remain accommodative to growth, but this has not translated into tangible data. As such, the JPY/MYR will likely trade with a slightly bearish bias as markets await clearer signals into the health of the Japanese economy.



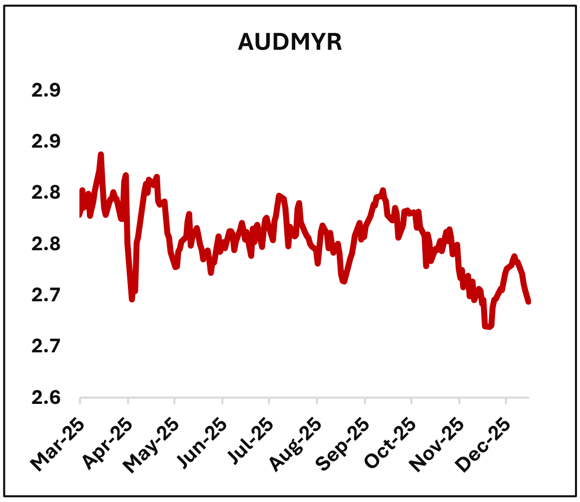
Source: Bloomberg

The outlook for CNY/MYR remains bearish amid clearer signs that the Chinese economy is slowing down. While the economy had posted 5.2% y-o-y growth in 1H2025, the second half saw China's GDP moderating to 4.8% y-o-y. Heading into 4Q2025, industrial production expanded at the slowest pace since August 2024 while retail sales marked the lowest level since December 2022, injecting concerns into markets. As it will be a relatively light calendar week for China, investors will remain on edge with MYR standing to benefit in the near term, given Malaysia's comparatively solid economic outlook.



Source: Bloomberg

The outlook for AUD/MYR is neutral to mildly bullish as elevated price pressures fuelled expectations that the RBA will likely keep its cash rate at a restrictive level longer than expected. Of note, key measures of inflation remain persistently above the RBA's 2-3% target range, exerting pressure on consumer sentiments. While the expectations of a steady RBA would historically provide support to the AUD, the upside will be limited amid jitters of the restrictive rate constricting economic growth.



Source: Bloomberg