

Weekly Economics and Markets Review

- SEEK job ads and advertised salary growth continue to point to a trend easing in domestic labour market conditions.
- President Trump delivered his inaugural address, where he outlined plans to overhaul US immigration, trade, tax, and energy policy.
- US Treasury yields moved higher over the week, largely in response to the potential effects of US tariff increases and other policy changes on inflation.

Week in review

Domestic

- SEEK job ads and advertised salary growth continue to point to a trend easing in labour market conditions.
 - The trend decline in job ad volumes continued in December, with job ads falling 3.0 per cent in the month. SEEK job ads fell in eight of the twelve updates in 2024, ending the year 12.2 per cent lower relative to December 2023.
 - Growth in SEEK's Average Salary Index (ASI) picked up slightly in December to 0.3 per cent month-on-month, after growing at 0.2 per cent for the previous two months. Annual growth in advertised salaries also increased slightly in December to 3.6 per cent (from 3.5 per cent in November).
 - Despite the slight pick-up in December, advertised salary growth was around one percentage point lower over 2024 than it was in 2023. SEEK also noted that 'advertised salary growth is likely to resume slowing over the coming months' given the significant easing of labour demand over the past year.

Offshore

- President Trump delivered his inaugural address, where he outlined plans to overhaul US immigration, trade, tax, and energy policy. Immediately following the inauguration, Trump started to enact a large number of executive orders and signal various policy changes.
- A few examples of executive orders and policy announcements President Trump has made in his first few days in office are listed below.
 - Trump signed a memorandum for an 'America First Trade Policy' to tackle US trade deficits, combat unfair practices like currency manipulation, and review trade agreements such as USMCA and China's Phase One deal. He also stated he still intends to move forward on 25 per cent tariffs on Mexico and Canada from 1 February.
 - On environmental policy, Trump withdrew from the Paris Climate Agreement, reduced restrictions on new fossil fuel projects, and initiated the repeal of various pollution and energy-efficiency regulations. He also signed orders to promote oil and gas development in Alaska.
 - Trump signed an executive order to form the Department of Government Efficiency (DOGE) to implement major cuts to the US government.
 - Trump signed orders to freeze government hiring, halt new federal regulations, and mandate federal employees to return to in-person work.

- He has promised a tougher foreign policy stance, including renaming the Gulf of Mexico to the Gulf of America and claiming the Panama Canal for the US.
- President Trump granted a 75-day extension for ByteDance, the Chinese owner of TikTok, to sell the company or face a ban in the United States due to security concerns
- It was a quiet week for US economic releases, with the outcomes for housing and production data generally being stronger than economists' expectations.
 - Housing starts jumped 15.8 per cent in December to an annualised rate of 1,499k, well above expectations for a more modest increase of 3.0 per cent.
 - Building permits declined 0.7 per cent in December, though this was above consensus expectations for a larger 2.2 per cent decline.
 - Industrial production increased 0.9 per cent in December, well above expectations for a more modest 0.3 per cent increase. Gains in the output of aircraft and parts contributed 0.2 percentage points to total industrial production growth, following the resolution of the Boeing strike early in November.
- CPI data over the past week were mixed, with Japan's inflation rate picking up, New Zealand's remaining steady, and Canada's edging lower.
 - Japan's core CPI inflation (which excludes volatile fresh food prices) was 3.0 per cent year-on-year in December, marking the fastest annual pace in 16 months. The rise was due largely to the phase-out of government subsidies aimed at curbing utility bills.
 - New Zealand's headline inflation remained steady at 2.2 per cent over the year to Q4, marking the first time since 2022 it has not fallen. Housing rents remained strong and contributed roughly one-fifth of overall inflation.
 - Canada's annual inflation rate eased to 1.8 per cent in December (previously 1.9 per cent), which was slightly below economists' expectations. On a month-to-month basis, the CPI declined by 0.4 per cent. This reduction in inflation partly reflected a mid-month sales tax break that lowered the prices of alcohol, restaurant foods, and children's clothing.

Markets

US rates and FX markets were firmly focused on President Trump's inauguration and policy announcements this week. US Treasury yields moved higher over the week largely in response to the potential effects of tariff increases and other policy changes on inflation.

Economic and Market Calendar

DATE	DETAILS
Domestic	Tuesday: NAB Business Survey (Dec) Wednesday: CPI (Q4)
Offshore	US: FOMC meeting (29 Jan), GDP (Q4), Core PCE (Q4) Japan: Tokyo CPI (Jan), Retail sales (Dec) Euro area: ECB meeting (30 Jan), GDP (Q4)

Economic and Financial Market Charts

CHART 1: SEEK JOB ADS CONTINUED TO TREND LOWER IN DECEMBER, WHILE THE NUMBER OF APPLICANTS PER JOB AD REMAINS NEAR A RECORD HIGH

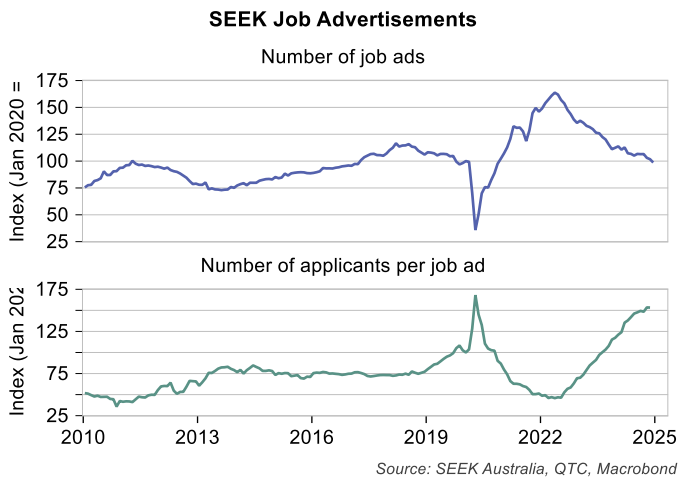


CHART 2: THE SLOWDOWN IN JOB ADS HAS BEEN FELT UNEVENLY ACROSS THE STATES, WITH VICTORIA, NSW AND ACT SEEING THE STRONGEST DOWNWARD TREND

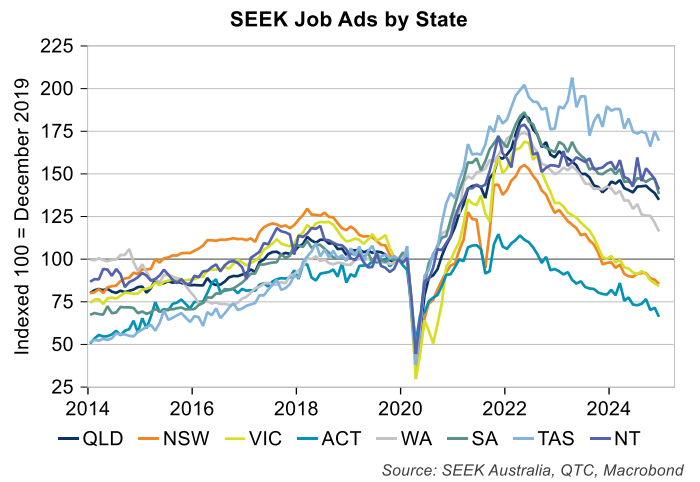


CHART 3: THE EASING OF LABOUR DEMAND HAS WEIGHED ON WAGES GROWTH OVER THE PAST YEAR

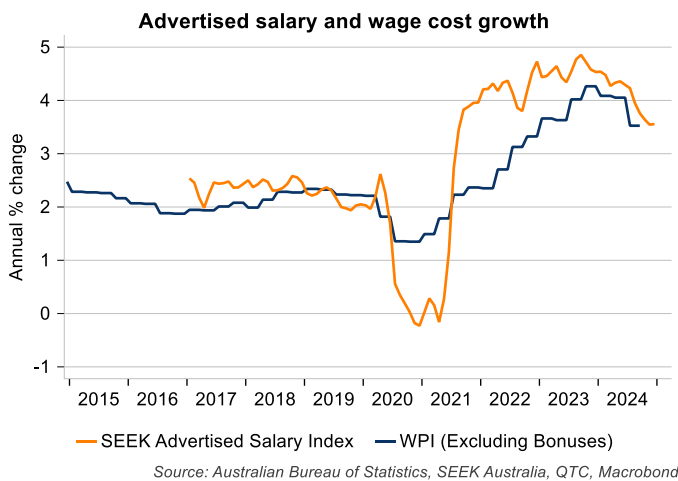


CHART 4: US HOUSING ACTIVITY DATA WERE STRONGER-THAN-EXPECTED IN DECEMBER, THOUGH REMAIN RELATIVELY WEAK

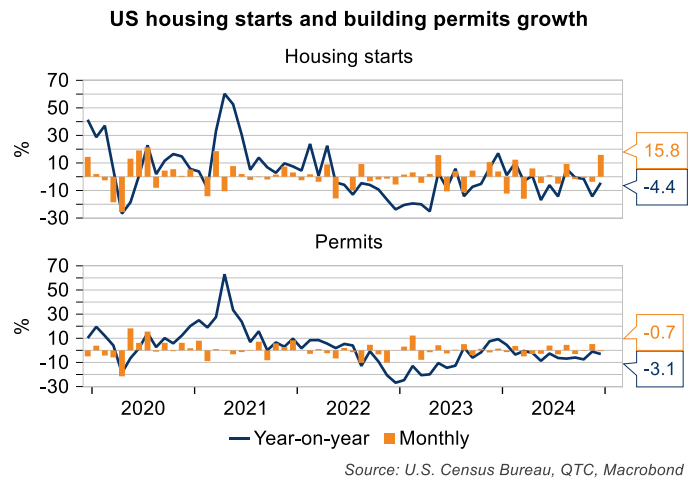


CHART 5: INFLATION IS EITHER AT OR APPROACHING CENTRAL BANK INFLATION TARGETS ACROSS MOST ADVANCED ECONOMIES

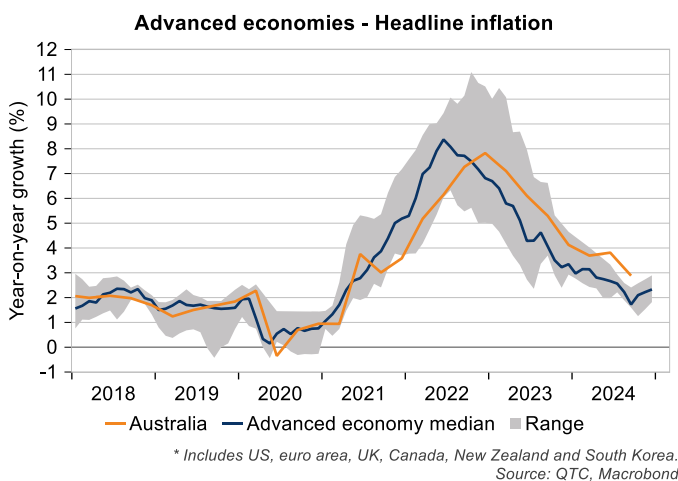
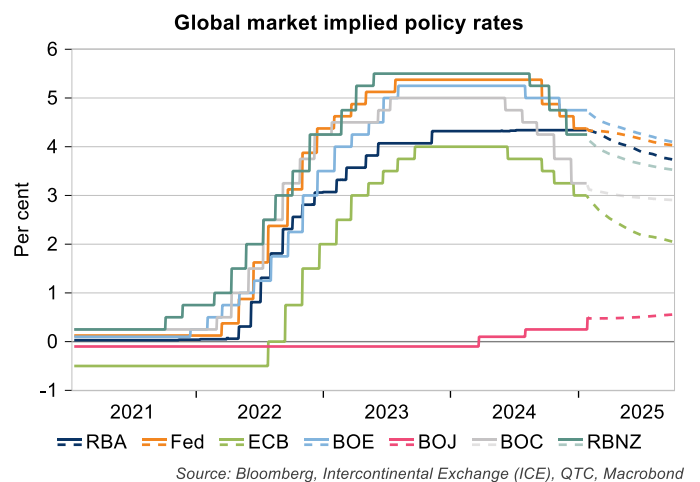


CHART 6: CENTRAL BANKS ARE EXPECTED TO CONTINUE TO LOWER RATES OVER 2025 IN RESPONSE TO THE IMPROVED OUTLOOK FOR INFLATION



Financial markets data table

The table below shows yields for bonds issued by the central financing authorities of various state governments in Australia as well as those on bonds issued by the Australian and US Governments. Further, there are values for the Australian Dollar against a range of currencies, and major exchange rates against the US Dollar. The change in these yields and rates over different time periods is also included.

MATURITY	ISSUER	YIELD	CHANGE (BASIS POINTS)			EQUITIES	RATE	CHANGE (PER CENT)		
			1 WEEK	1 MONTH	1 YEAR			1 WEEK	1 MONTH	1 YEAR
3 Year	QTC	4.15	-0	2	11	AUD/USD	0.63	0.73	0.67	-4.69
	NSWTC	4.13	-2	-0	8	AUD/EUR	0.60	-0.14	0.65	-0.76
	TCV	4.17	-0	0	5	AUD/GBP	0.51	0.06	2.45	-1.81
	WATC	4.09	-1	-1	6	AUD/JPY	97.96	1.33	-0.04	0.88
	Australian Government	3.91	-2	1	13	AUD/CAD	0.90	0.72	0.68	1.51
	US Government	4.35	6	-1	25	AUD/NZD	1.11	0.03	0.28	2.95
5 Year	QTC	4.42	-2	6	27	AUD/SGD	0.85	0.13	0.42	-3.55
	NSWTC	4.37	-4	3	19	AUD/HKD	4.88	0.76	0.97	-5.03
	TCV	4.45	-3	2	20	AUD/KRW	901.45	-0.57	-0.77	2.56
	WATC	4.34	-4	3	20	AUD/CNY	4.57	0.12	0.57	-2.00
	Australian Government	4.03	-3	3	20	AUD/INR	54.22	0.57	2.21	-0.84
	US Government	4.45	6	1	45	MAJOR CURRENCIES				
7 Year	QTC	4.75	0	9	38	EUR/USD	1.04	0.87	0.02	-3.96
	NSWTC	4.72	-2	6	27	GBP/USD	1.23	0.68	-1.74	-2.93
	TCV	4.80	-3	5	28	USD/JPY	156.22	-0.59	0.70	-5.84
	WATC	4.65	-2	6	29	USD/CHF	1.10	0.18	-0.98	-4.78
	Australian Government	4.25	-2	5	25	USD/CNY	7.29	0.61	0.10	-2.83
	US Government	4.55	4	3	48	MAJOR COMMODITIES				
10 Year	QTC	5.22	0	13	52	Brent Crude Oil	78.29	-3.69	6.40	-5.02
	NSWTC	5.17	-2	9	39	Gold	2,755	1.49	5.27	36.32
	TCV	5.23	-3	8	35	Copper	9,232	0.02	3.15	7.74
	WATC	5.02	-2	10	40	Iron Ore	103.71	1.00	2.95	-11.56
	Australian Government	4.46	-3	7	28					
	US Government	4.64	3	5	53					

Note: The Australian yield data (national and state) is sourced from QTC while the exchange rate and US yield data is from *Macrobond*.

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