

Interest Rates (%)			FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.6468	-1.5%	WTI Crude Oil	81.19	-\$1.35
90-day Bill	4.40	-1	AUD/JPY	102.07	-0.5%	Brent Crude Oil	85.64	-\$2.71
3-year Bond	4.08	1	AUD/EUR	0.6068	-0.9%	Mogas95*	103.55	-\$1.81
10-year Bond	4.48	3	AUD/GBP	0.5181	-0.9%	CRB Index	291.46	-3.84
			AUD/NZD	1.0995	0.0%	Gold	2289.45	-\$44.03
			AUD/CNY	4.6948	-1.1%	Silver	26.33	-\$0.73
US			EUR/USD	1.0661	-0.5%	Iron Ore (62% Fe)**	115.05	-\$2.40
2-year	5.03	6	USD/JPY	157.78	0.9%	Iron Ore (23-24 Average)	118.96	-\$0.02
10-year	4.68	7	USD/CNY	7.2411	0.2%	Copper	9991.00	-\$144.50
			RBA Policy			Equities		
			O/N Cash Rate Target	4.35		ASX200	7563	-78
			Interbank O/N Cash Rate	4.32		Dow Jones	37816	-570
Other 10-year			Probability of a 25bps Hike in May	5.2%		S&P500	5036	-80
Japan	0.89	1	RBA Bond Holdings (29 Mar)	A\$335.5b		Stoxx600	505	-3
Germany	2.58	5				CSI300	3604	-20
UK	4.35	5						

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

**Iron ore is the second SGX futures contract.

US stocks retreated last night in reaction to the upside surprise in the US employment cost index, which increased concerns the Fed may hold off on rate cuts for some time. The FOMC will announce an interest rate decision tonight. US Treasury yields picked up, while the US dollar appreciated, to be just short of its 2024 high.

The weaker global market sentiment dragged on the Australian dollar, which is down against all the major currencies. Commonwealth bond yields rose less than their US equivalents. The ASX 200 closed 0.3% higher yesterday, with gains in most industries, but followed Wall Street lower this morning.

The US employment cost index rose 1.2% in Q1, more than the 1.0% consensus and the 0.9% in the previous quarter. This was also the strongest quarterly gain in a year. This indicator is a broader measure of US employee compensation than the average wages data published every month with non-farm payrolls.

From other US data, the Case-Shiller house price index for 20 major cities rose 0.6% in February, the most since October 2023, taking the annual rate of growth to 7.3%, the highest since October 2022. On the flipside, the Conference Board consumer confidence index dropped to the lowest level since June 2022.

On the other side of the Atlantic, euro area GDP rose 0.3% in Q1, but the Q4 2023 figures were revised down to indicate a 0.1% decline and a technical recession in late 2023. Euro area annual HICP inflation was unchanged at 2.4% in headline terms but declined 0.2ppts to 2.7% in core terms.

The Chinese NBS composite PMI declined 1pt to 51.7 in March (above 50 = expansion), with slower growth registered both for manufacturing (-0.4pts to 50.4) and non-manufacturing (-1.8pts to 51.2). However, the Caixin manufacturing PMI rose 0.3pts to 51.4, supported by the fastest growth in new export orders in 3.5 years.

The weaker NBS PMIs translated into a 2.0% fall in iron ore futures yesterday. Oil prices dropped by 1.5-3.0% on prospects of a ceasefire between Hamas and Israel, which also saw the gold price decline by 1.8%.

From the domestic data, [retail trade](#) unexpectedly fell 0.4% in March (mkt exp. +0.2%), with declines in all industries except for food, to be up just 0.8% YoY. Private sector credit saw a broad-based increase of 0.3% in March, taking the annual rate of growth 0.1ppts higher to 5.1%. The CoreLogic home price index rose 0.6% in April, with increases in all capital cities except for Melbourne. Perth again saw the strongest increase, of 2.0%.

ECONOMIC DATA REVIEW

- **AU:** Retail Trade (MoM, Mar) – Actual -0.4%, Expected 0.2%, Previous 0.2% (revised).
- **AU:** Private Sector Credit (MoM, Mar) – Actual 0.3%, Expected 0.4%, Previous 0.5%.
- **AU:** CoreLogic House Price Index (MoM, Apr) – Actual 0.6%, Previous 0.6%.

ECONOMIC DATA PREVIEW

- **US:** FOMC Decision (IoER) – Expected 5.40%, Previous 5.40%.
- **US:** ADP Employment (monthly change, Apr) – Expected 180k, Previous 184k.
- **US:** JOLTS Job Openings (Apr) – Expected 8.7m, Previous 8.8m.
- **US:** ISM Manufacturing PMI (Apr) – Expected 50.0, Previous 50.3.

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