

Interest Rates			FX			Commodities		
<b>Australia</b>		<b>Δ bp</b>	AUD/USD	0.7160	0.2%	WTI Crude Oil	91.98	-\$6.14
90-day Bill	4.44	1	AUD/JPY	113.78	0.1%	Brent Crude Oil	98.53	-\$6.38
3-year Bond	4.51	-4	AUD/EUR	0.6151	0.0%	Mogas95*	125.66	\$1.35
10-year Bond	4.88	-6	AUD/GBP	0.5311	-0.2%	CRB Index	392.67	0.30
			AUD/NZD	1.2186	0.2%	Gold	4572.82	\$32.70
			AUD/CNY	4.8516	-0.2%	Silver	78.46	\$1.86
<b>US</b>			EUR/USD	1.1642	0.2%	Iron Ore (61% Fe)**	108.20	\$2.35
2-year	4.12	3	USD/JPY	158.90	-0.1%	Iron Ore (25-26 Average)	103.92	\$0.01
10-year	4.56	-2	USD/CNY	6.7963	-0.1%	Copper	13667.50	\$152.00
			RBA Policy			Equities		
			O/N Cash Rate Target	4.35		ASX200	8663	3
			Interbank O/N Cash Rate	4.35		Dow Jones	50580	294
<b>Other 10-year</b>			Probability of a 25bps Hike in Jun	8.6%		S&P500	7473	28
Japan	2.74	-4	RBA Bond Holdings (30 Apr)	A\$230.3b		Stoxx600	625	5
Germany	3.04	-6				CSI300	4845	62
UK	4.90	-7						

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

\*\*Iron ore is the second SGX futures contract.

Further hopes for progress in the peace process between the US and Iran sent US stocks even higher on Friday. The S&P 500 rose by 0.4%, with gains in almost all industries, to be up by 0.9% for the week. This was the eighth consecutive weekly gain for the US benchmark stock index, the longest run since late 2023. The S&P 500 is now only 0.4% off its record high from mid-May.

Hopes for a peace deal were first fuelled by US Secretary of State Marco Rubio reiterating on Friday that there has been 'slight progress' in talks between the conflicting parties. Over the weekend, US President Donald Trump first informed in a social media post that a memorandum of understanding has been 'largely negotiated', adding that one of the agreed points is the re-opening of the Strait of Hormuz. However, after the Iranian side called the claims about re-opening the Strait 'far from true', President Trump said that there was no rush to reach any deal.

Oil prices declined despite the contradictory messages coming from the White House, taking Brent futures below US\$100 a barrel for the first time since early May. The decline in oil prices helped ease inflation concerns to some extent, pushing long-term government bond yields lower across the major advanced economies.

However, US Treasury yields picked up further at the front end of the curve, as some hawkish Fed speak led to an intensification of fed funds rate hike expectations. This intensification happened despite dovish Kevin Warsh being sworn in as the next Fed Chair. At the time of writing, a 25bps hike is 95% priced in for 2026, which compares to 65% on Friday.

Speaking on Friday, usually dovish Fed Governor Christopher Waller said that he supported removing the easing bias from the FOMC statement, citing the rise in inflation and solid labour market conditions in the US. He said that he would support a rate hike if inflation expectations de-anchor, but saw the need for monetary policy tightening as premature at this point.

In local markets, the ASX 200 rose by 0.4% on Friday, with gains and losses mixed across sectors, before opening largely flat this morning. Commonwealth bond yields have declined across the yield curve since Friday morning. The Australian dollar appreciated against the weaker greenback and the Japanese yen, but is flat versus the euro and down against the British pound.

The key domestic releases [this week](#) will be the April CPI figures and Q1 construction work done on Wednesday, the April household spending report and Q1 private sector capex on Thursday, as well as private sector credit for April on Friday.

The highlights offshore will include the Chinese NBS PMIs for May as well as the US personal income and outlays report for April, which will contain the Fed's preferred measure of inflation, PCE inflation. The RBNZ is set to announce its monetary policy decision on Wednesday, with no changes to the official cash rate expected.

## Economic Data Review

No market-moving data.

## Economic Data Preview

No market-moving data.