

Interest Rates			FX			Commodities US\$						
Australia	90-day Bill	3.70	Δ bp	AUD/USD	0.6522	0.1%	WTI Crude Oil	69.22	\$2.35			
				AUD/JPY	96.68	-0.1%	Brent Crude Oil	72.62	\$2.39			
				AUD/EUR	0.5640	0.4%	Mogas95*	81.83	\$2.74			
				AUD/GBP	0.4881	0.0%	CRB Index	305.95	2.47			
				AUD/NZD	1.0935	0.1%	Gold	3330.50	\$21.84			
				AUD/CNY	4.6762	0.0%	Silver	38.20	\$0.10			
US	2-year	3.87	-5	EUR/USD	1.1565	-0.3%	Iron Ore (62% Fe)**	103.55	\$2.30			
				USD/JPY	148.24	-0.2%	Iron Ore (25-26 Average)	99.71	\$0.21			
				10-year	4.33	-8	USD/CNY	7.1770	0.0%	Copper	9798.00	\$5.00
				RBA Policy			Equities					
Other 10-year	Japan	1.56	-2	O/N Cash Rate Target		3.85	ASX200	8717	43			
				Interbank O/N Cash Rate		3.84	Dow Jones	44633	-205			
				Probability of a 25bps Cut in Aug		88.1%	S&P500	6371	-19			
				RBA Bond Holdings (30 Jun)		A\$276.4b	Stoxx600	550	2			
	UK	4.63	-1				CSI300	4152	16			

*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 from record highs yesterday, following six consecutive days of gains, with the market's attention turning to the FOMC decision due tonight. No changes to the fed funds rate are expected, but the market participants will await more forward guidance at the post-meeting press conference.

Meanwhile, US President Donald Trump hinted again that the new blanket tariff rate for countries that do not negotiate a trade deal with the US could be between 15% and 20%. US Commerce Secretary Howard Lutnick warned that sectoral tariffs on pharmaceuticals could be announced in a fortnight.

The ASX 200 managed to close 0.1% higher yesterday, with gains and losses almost equally split across the sectors and opened flat this morning. Commonwealth bond yields declined ahead of the Q2 CPI report scheduled for later this morning. The rise in global commodity prices supported the Australian dollar, which appreciated against all the major currencies except for the Japanese yen.

Oil prices continued to climb amid concerns over the 100% third party tariffs on Russian oil importers if Russia fails to secure a truce with Ukraine within the 10–12 day deadline set by US President Trump. Brent futures rose above US\$70 a barrel, to be the highest in over a month. The prospect of an extension of US-China trade talks supported iron ore futures, which increased by 2.0% yesterday. The gold price picked up following a week-long decline.

The dataflow overnight was quite mixed. US Conference Board consumer confidence picked up in July, supported by an improving expectations component, while the assessment of current conditions deteriorated a little. Despite the improvement in July, the expectations component remains depressed.

The labour market data was also inconclusive. According to the Conference Board report, the difference in households assessing that 'jobs are plentiful' and 'jobs are hard to get' increased a bit, but was still quite close to its four-year lows, suggesting that labour market conditions are not all too tight. Meanwhile, a separate report showed that US JOLTS job openings declined to 7,437k in June, but remained around 400k above the number of officially unemployed.

US goods trade deficit narrowed in June, reflecting a 4.2% decline in debits amid normalisation of import demand following a spike earlier this year due to tariff concerns. US goods exports declined by 0.6% in June.

From more dated releases, the Case Shiller house price index for 20 major US cities declined by another 0.3% in May, taking the annual rate of growth to 2.8%, which is the slowest since August 2023.

Economic Data Review

- **US:** Conference Board Consumer Confidence (Jul) – Actual 97.2, Expected 96.0, Previous 95.2 (revised).
- **US:** JOLTS Job Openings (Jun) – Actual 7,437k, Expected 7,500k, Previous 7,712k (revised).
- **US:** Goods Trade Balance (Jun) – Actual -US\$86b, Expected -US\$98.0b, Previous -US\$96b.
- **US:** Case-Shiller House Price Index 20 Cities (MoM, May) – Actual -0.3%, Expected -0.2%, Previous -0.3%.

Economic Data Preview

- **AU:** CPI (QoQ, Q2) – Expected 0.8%, Previous 0.9%.
- **US:** ADP Employment (monthly change, Jul) – Expected 75k, Previous -33k.
- **US:** GDP (QoQ annualised, Q2, prelim.) – Expected 2.5%, Previous -0.5%.
- **US:** FOMC (loER) – Expected 4.40%, Previous 4.40%.