

Interest Rates			FX			Commodities		
Australia		Δ bp	AUD/USD	0.7147	-0.2%	WTI Crude Oil	90.03	-\$3.05
90-day Bill	4.33	0	AUD/JPY	113.68	-0.3%	Brent Crude Oil	96.03	-\$2.09
3-year Bond	4.60	-5	AUD/EUR	0.6079	0.0%	Mogas95*	120.52	-\$0.17
10-year Bond	4.94	-5	AUD/GBP	0.5296	0.0%	CRB Index	362.78	-11.83
			AUD/NZD	1.2161	0.0%	Gold	4765.40	-\$27.37
			AUD/CNY	4.8911	0.2%	Silver	79.45	\$0.79
US			EUR/USD	1.1755	-0.2%	Iron Ore (61% Fe)**	104.75	-\$1.05
2-year	3.73	-3	USD/JPY	159.07	-0.1%	Iron Ore (25-26 Average)	103.40	\$0.01
10-year	4.27	-3	USD/CNY	6.8182	-0.1%	Copper	13347.00	\$76.50
			RBA Policy			Equities		
			O/N Cash Rate Target	4.10		ASX200	8915	3
			Interbank O/N Cash Rate	4.10		Dow Jones	49447	869
Other 10-year			Probability of a 25bps Hike in May	69.2%		S&P500	7126	85
Japan	2.41	-1	RBA Bond Holdings (31 Mar)	A\$250.0b		Stoxx600	627	10
Germany	2.96	-7				CSI300	4729	-8
UK	4.76	-8						

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

**Iron ore is the second SGX futures contract.

Hopes for further deescalation of the conflict in the Middle East continued to fuel global market sentiment towards the end of the last trading week, but they were dented over the weekend.

In reaction to the news about a 10-day ceasefire on the Lebanon front, Iranian officials initially declared the Strait of Hormuz 'completely open' for trade. However, given the ongoing US blockade preventing some ships from leaving the Persian Gulf, Iran closed the Strait again yesterday. Saturday saw more crossings through the Strait of Hormuz than since early March, but only one large vessel passed through the Strait afterwards and was subsequently intercepted by the US Navy.

While the S&P 500 reached yet another record high on Friday, US futures are pointing to slight declines later today. The ASX 200 ebbed by 0.1% during the Friday session that preceded the news about the re-opening of the Strait of Hormuz, and opened in red this morning.

The Australian dollar was also quite sensitive to the news about the status of the Strait of Hormuz, appreciating to the highest level since mid-2022 and taking a turnaround this morning. Overall, the AUD is down versus the greenback and Japanese yen, and flat against other major currencies.

Oil prices dropped in reaction to the news that the Strait of Hormuz had been reopened, with Brent futures approaching US\$90 a barrel for the first time in over a month. However, Brent has bounced back since, trading above US\$95 at the time of writing, though still slightly below the levels from Friday morning. Iron ore futures declined by 1.2% over the weekend, despite reports of lower production in Brazil caused by adverse weather conditions.

The decline in oil prices eased concerns over inflation and monetary policy tightening, leading to a drop in government bond yields across the advanced economies. Commonwealth bond yields followed their global equivalents lower this morning. Most market participants continue to expect a cash rate hike in May, with two rate increases still priced in for this year.

At the same time, expectations for a Fed funds rate cut later this year have re-intensified, but such a move continues to be only partially priced in as Fed speak points to a wait-and-see approach.

Speaking over the weekend, Fed Governor Christopher Waller cautioned against the resumption of monetary policy easing given the upside risks to inflation from the conflict in the Middle East. San Francisco Fed President Mary Daly also spoke in favour of keeping rates steady, judging that the monetary policy is in a very good place to prevent a rise in inflation, while warning of monetary policy tightening if price growth were to accelerate more than expected.

The news about the Middle East conflict, especially the talks between the US and Iran on Wednesday, will continue to attract the most attention [this week](#). Otherwise, it will be a very quiet week, especially regarding Australian economic data, with the S&P Global flash PMI report for April on Thursday being the only major highlight. The key events offshore will be US retail sales for March tomorrow and the S&P Global flash April PMIs for the major economies on Thursday.

Economic Data Review

No market-moving data.

Economic Data Preview

- **CH:** PBoC Announcement (Five-year Loan Prime Rate) – Expected 3.50%, Previous 3.50%.