

Interest Rates (%)			FX			Commodities US\$			
Australia		Δ bp	AUD/USD	0.6566	0.3%	WTI Crude Oil	66.82	-\$1.28	
	90-day Bill	3.73	-2	AUD/JPY	96.11	0.7%	Brent Crude Oil	68.83	-\$1.13
	3-year Bond	3.45	2	AUD/EUR	0.5624	0.9%	Mogas95*	78.79	-\$0.45
	10-year Bond	4.31	2	AUD/GBP	0.4845	0.7%	CRB Index	300.37	-1.28
			AUD/NZD	1.0916	0.2%	Gold	3331.72	\$12.27	
			AUD/CNY	4.7258	0.7%	Silver	37.10	\$0.70	
US			EUR/USD	1.1676	-0.6%	Iron Ore (62% Fe)**	99.05	\$2.55	
	2-year	3.86	2	USD/JPY	146.37	0.4%	Iron Ore (25-26 Average)	96.18	\$0.67
	10-year	4.34	1	USD/CNY	7.1782	0.0%	Copper	9700.50	\$70.00
			RBA Policy			Equities			
Other 10-year			O/N Cash Rate Target		3.85	ASX200	8579	-10	
			Interbank O/N Cash Rate		3.84	Dow Jones	44651	192	
	Japan	1.49	-1	Probability of a 25bps Cut in Aug		91.4%	S&P500	6280	17
	Germany	2.71	3	RBA Bond Holdings (30 Jun)		A\$276.4b	Stoxx600	553	3
	UK	4.60	-2				CSI300	4010	19

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

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

US stocks shrugged off this week's tariff news, rising to fresh record highs overnight. US Treasury yields picked up across the yield curve, despite mixed Fed speak, while the US dollar appreciated. After the US market close, US President Donald Trump published a new tariff letter, this time addressed to the Canadian Prime Minister Mark Carney, announcing a 35% tax rate on imports from Canada to the US, effective 1 August.

The Australian dollar benefited from the better global market sentiment, appreciating against all the major currencies. Commonwealth bond yields followed their US equivalents higher. The ASX 200 rose by 0.6% yesterday with gains in most sectors, led by materials, partly offset by declines in health care, information technology, communication services and energy. The Aussie share market opened higher this morning, but the news on the 35% tariffs imposed on Canada saw the ASX 200 retreat later on.

Concerns about global trade prospects dragged oil prices lower. This came despite another Houthi attack on cargo vessels in the Red Sea, which served as a reminder of tensions in the region, and speculation that OPEC+ might be considering a pause to oil output cuts. Copper prices rose in both the US and UK, which is a further reaction to the 50% tariffs for this commodity. Iron ore futures picked up amid rumours that the Chinese authorities might be considering redevelopment of shanty towns.

Speaking overnight, San Francisco Fed President Mary Daly said that she still sees two fed funds rate cuts this year. In her assessment, the inflationary impacts from tariffs might turn out to be smaller than feared, because they can be absorbed by lower margins. At the same time, her St Louis counterpart Alberto Musalem expressed a slightly different opinion, saying that it is too early to tell how prolonged the tariff price effects will be, even if he stressed that the US economy is in a good place overall.

Data-wise, US initial jobless claims declined to 227k last week, taking the four-week moving average down to 234k, which is the lowest level since late May. Continued claims remained slightly below 2 million in the week ending 28 June.

In Australia, the monthly business turnover indicator ebbed by 0.1% in May, but was up 3.3% over the year. The slight decline resulted from lower turnover in five of the 13 industries included in the indicator. The strongest fall was registered for arts and recreation (-5.4%), following a strong 4.0% gain in the previous month amid the Easter-Anzac Day superlong weekend.

The Commonwealth Bank published its monthly household spending insights yesterday, showing a 0.3% increase in June, taking the annual growth rate to 7.4%. The strongest gains were recorded for essential categories such as utilities (+2.9%) and education (+1.1%), but also communications and digital (+1.0%), partly supported by the release of a new gaming product. At the same time, there were declines in hospitality (-0.8%), motor vehicles (-0.1%) and recreation (-0.1%). The Commonwealth Bank noted that there is still strong preference for saving and paying off debt.

### Economic Data Review

- AU:** Monthly Business Turnover Indicator (MoM, May) – Actual -0.1%, Previous 0.3%.
- US:** Initial Jobless Claims (w/e 5 Jul) – Actual 227k, Expected 235k, Previous 232k (revised).

### Economic Data Preview

- UK:** Monthly GDP (MoM, May) – Expected 0.1%, Previous -0.3%.