

Interest Rates			FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.6468	0.6%	WTI Crude Oil	67.00	-\$2.36
90-day Bill	3.69	0	AUD/JPY	95.46	-1.4%	Brent Crude Oil	69.31	-\$2.52
3-year Bond	3.46	2	AUD/EUR	0.5593	-0.6%	Mogas95*	77.51	-\$3.00
10-year Bond	4.32	2	AUD/GBP	0.4875	0.2%	CRB Index	295.28	-4.50
			AUD/NZD	1.0951	0.3%	Gold	3354.96	\$65.34
			AUD/CNY	4.6325	0.0%	Silver	36.90	\$0.22
US			EUR/USD	1.1565	1.2%	Iron Ore (62% Fe)**	100.55	\$0.20
2-year	3.69	-26	USD/JPY	147.59	-2.0%	Iron Ore (25-26 Average)	99.67	\$0.02
10-year	4.22	-15	USD/CNY	7.1933	-0.1%	Copper	9630.50	\$19.50
			RBA Policy			Equities		
			O/N Cash Rate Target		3.85	ASX200	8649	-5
			Interbank O/N Cash Rate		3.84	Dow Jones	43589	-542
Other 10-year			Probability of a 50bps Cut in Aug		52.2%	S&P500	6238	-101
Japan	1.50	-5	RBA Bond Holdings (31 Jul)		A\$272.1b	Stoxx600	536	-10
Germany	2.68	-2				CSI300	4055	-21
UK	4.53	-4						

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

**Iron ore is the second SGX futures contract.

The sell-off on the US equity markets accelerated on Friday, as US jobs and ISM manufacturing reports for July disappointed massively, with employment gains for the previous months revised significantly downwards. Following the jobs figures, US President Donald Trump said in a social media post that he had directed his administration to dismiss Commissioner of Labour Statistics Erica McEntarfer, which exacerbated the depreciation in the US dollar.

US Treasury yields plunged across the yield curve, particularly for shorter maturities as the probability of a fed funds rate cut at the next FOMC meeting in September rose to nearly 90% from just below 50% on Thursday night. The resignation of Adriana Kugler from the Fed Board, which leaves a vacancy for a President Trump appointee who can potentially be more in favour of rate cuts, was an additional factor behind the fall in yields.

US non-farm payrolls rose by just 73k in July, significantly less than the unambitious 104k gain expected by the markets. The 147k increase in June was revised down to only 14k, while the May gain was downgraded by a further 125k to just 19k. The downward revisions were driven to some extent by government job gains being smaller than initially estimated, but also by a recalculation of seasonal factors. The separate household survey showed that the US unemployment rate rose 0.1ppts to 4.2%, with the labour force participation rate ebbing 0.1ppts to 62.2%.

From other US data, ISM manufacturing PMI declined 1.5ppts to 48.0 (below 50 = contraction), with further contraction in employment and new orders, including new export orders, and an ongoing solid rise in prices paid. The headline index was artificially dragged down by shorter delivery times after the spike due ahead of tariffs earlier in the year.

Concerns over the US economic outlook, coupled with another OPEC+ output hike decision, drove oil prices around 3.5% lower, taking Brent futures back below US\$70 a barrel. The gold price picked up but remained 2.0% off its record high. Iron ore futures ticked up by 0.2%, which followed a downslide over the past week.

The Australian dollar appreciated versus the weaker greenback overall, but was still weaker versus the euro and Japanese yen. Commonwealth bond yields were higher on Friday, but the Australian bond market is closed for a New South Wales bank holiday today. The ASX 200 dropped by 0.9% on Friday, before opening even lower this morning.

The Aussie PPI rose by 0.7% in Q2, but the annual rate of producer price inflation declined by 0.3ppts to 3.7%, unseen since Q3 2021. The quarterly gain was driven largely by a rise in rents, which has however slowed over the past year.

The key domestic highlights [this week](#) will be the Melbourne Institute inflation gauge for July later today, followed by the June household spending indicator and July ANZ job ads tomorrow and the goods trade balance for June on Thursday. The key releases offshore will be the US and Chinese services PMIs for July tomorrow, followed by Chinese trade figures for July on Thursday. The Bank of England will announce its monetary policy decision on Thursday.

Economic Data Review

- **AU:** PPI (QoQ, Q2) – Actual 0.7%, Previous 0.9%.
- **US:** Non-farm Payrolls (monthly change, Jul) – Actual 73k, Expected 104k, Previous 14k (revised).
- **US:** Unemployment Rate (Jul) – Actual 4.2%, Expected 4.2%, Previous 4.1%.
- **US:** ISM Manufacturing PMI (Jul) – Actual 48.0, Expected 49.5, Previous 49.0.

Economic Data Preview

- **AU:** Melbourne Institute Inflation Gauge (MoM, Jul) – Previous 0.1%.