

Interest Rates			FX			Commodities		
Australia		Δ bp	AUD/USD	0.7069	0.0%	WTI Crude Oil	76.59	-\$4.77
90-day Bill	4.47	0	AUD/JPY	113.37	0.1%	Brent Crude Oil	79.50	-\$4.16
3-year Bond	4.39	-8	AUD/EUR	0.6086	-0.2%	Mogas95*	99.39	-\$2.98
10-year Bond	4.78	-8	AUD/GBP	0.5263	-0.1%	CRB Index	362.49	-2.38
			AUD/NZD	1.2119	-0.2%	Gold	4338.78	\$28.69
			AUD/CNY	4.7787	0.0%	Silver	70.21	\$0.45
US			EUR/USD	1.1615	0.2%	Iron Ore (61% Fe)**	100.90	-\$1.15
2-year	4.05	-2	USD/JPY	160.38	0.1%	Iron Ore (25-26 Average)	103.85	-\$0.01
10-year	4.43	-4	USD/CNY	6.7567	0.0%	Copper	13774.00	\$29.00
			RBA Policy			Equities		
			O/N Cash Rate Target	4.35		ASX200	8908	47
			Interbank O/N Cash Rate	4.35		Dow Jones	52000	329
Other 10-year			Probability of a 25bps Hike in Aug	24.8%		S&P500	7511	-43
Japan	2.62	2	RBA Bond Holdings (29 May)	A\$229.8b		Stoxx600	636	2
Germany	2.93	-2				CSI300	4884	-7
UK	4.79	-2						

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

**Iron ore is the second SGX futures contract.

As expected, yesterday the [RBA Monetary Policy Board](#) made a unanimous decision to keep the cash rate unchanged at 4.35% at its June meeting. The post-meeting statement was slightly hawkish, stressing that inflation in Australia remains 'too high', but concluded that the monetary policy is well-placed to gauge the impacts of the previous rate hikes and oil supply disruptions. The statement specifically mentioned a rate hike, meaning an ongoing tightening bias.

In the press conference, RBA Governor Michele Bullock confirmed that a rate hike was not discussed at the meeting, but did not rule out further tightening in the future. Governor Bullock clarified that – while the upside risks to inflation are not as severe as earlier in the year – they still prevail. She repeated that economic growth needs to slow further to ensure that inflation returns to target, but stressed that this does not mean a recession.

Despite quite hawkish communication from the RBA, investors preferred to focus on the unanimous vote and no consideration of a rate hike at the June meeting. Only 12bps of hikes are priced in for 2026, with cut expectations establishing for late 2027.

Commonwealth bond yields declined after the RBA decision, and the fall deepened this morning. The Australian dollar also depreciated yesterday, but recovered overnight, to be at around the same level versus the US dollar as yesterday morning. The ASX 200 closed flat yesterday, having made up for all its initial losses later in the trading day, before opening slightly lower today.

Abroad, US stocks were mixed last night, with the S&P 500 declining by 0.6%, while the Dow Jones hit a fresh record high. The decline in the S&P 500 was concentrated in tech-stocks, which also resulted in a 1.2% drop in the Nasdaq.

Oil prices resumed falling after reports that the US-Iran deal will most likely allow Iran to begin selling its oil in the global markets immediately after the sanctions are lifted. Both Brent and WTI futures are now below US\$80 a barrel and at fresh three-month lows. Easing inflation concerns drove government bond yields lower across the advanced economies, with a notable exception of Japan, where the policy rate was lifted to a three-decade high of 1.00% yesterday.

The Chinese economic activity data for May were also released yesterday and were mostly disappointing. Retail sales fell by 0.6% YoY, more than pencilled in by the market consensus and the most since late 2022. The decline in urban fixed asset investment deepened to 4.1% YoY YtD, a pace unseen in six years, with property investment plunging by 16.2% YoY YtD. Chinese industrial production growth accelerated to 4.5% YoY, with strong gains in automobile manufacturing and electronics. The pace of annual decline in steel output narrowed marginally to 2.5%.

Economic Data Review

- **CH:** Retail Sales (YoY, May) – Actual -0.6%, Expected -0.2%, Previous 0.2%.
- **CH:** Industrial Production (YoY, May) – Actual 4.5%, Expected 4.4%, Previous 4.1%.
- **CH:** Urban Fixed Asset Investment (YoY YtD, May) – Actual -4.1%, Expected -2.3%, Previous -1.6%.

Economic Data Preview

- **AU:** Westpac Leading Index (MoM, May) – Previous 0.0%.
- **UK:** CPI (MoM, May) – Expected 0.4%, Previous 0.7%.
- **US:** Retail Sales (MoM, May) – Expected 0.5%, Previous 0.5%.
- **US:** FOMC Decision (IoER) – Expected 3.65%, Previous 3.65%.