

Interest Rates			FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.6488	0.1%	WTI Crude Oil	64.58	\$0.83
	90-day Bill	3.55	AUD/JPY	95.54	-0.1%	Brent Crude Oil	68.58	\$0.80
	3-year Bond	3.39	AUD/EUR	0.5572	0.6%	Mogas95*	80.10	-\$0.32
	10-year Bond	4.30	AUD/GBP	0.4815	0.3%	CRB Index	301.71	1.71
US			AUD/NZD	1.1079	0.2%	Gold	3378.36	\$13.22
	2-year	3.69	AUD/CNY	4.6377	-0.3%	Silver	38.66	-\$0.28
	10-year	4.28	EUR/USD	1.1646	-0.5%	Iron Ore (62% Fe)**	103.00	\$0.35
			USD/JPY	147.27	-0.1%	Iron Ore (25-26 Average)	100.69	\$0.09
Other 10-year			USD/CNY	7.1536	-0.2%	Copper***	9796.50	\$0.00
			RBA Policy			Equities		
			O/N Cash Rate Target	3.60		ASX200	8957	-89
			Interbank O/N Cash Rate	3.59		Dow Jones	45282	-349
Japan	1.62	0	Probability of a 25bps Cut in Sep	30.0%		S&P500	6439	-28
Germany	2.76	4	RBA Bond Holdings (31 Jul)	A\$272.1b		Stoxx600	559	-2
UK***	4.69	0				CSI300	4469	91

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

**Iron ore is the second SGX futures contract.

***No change due to a bank holiday.

The return of optimism to the US markets proved to be short-lived, with US stocks starting the new trading week on the back foot. Investors' attention has turned to US PCE figures due on Friday, which are expected to show a rise in the annual rate of core inflation.

Following the equity market close, US President Donald Trump published a letter on his social media that he is dismissing Fed Governor Lisa Cook effective immediately, citing his declared authority under the Federal Reserve Act. This led to a partial reversal of US dollar appreciation and a decline in yields at the front end of the US Treasury yield curve, amid a slight re-intensification of fed funds rate cut expectations.

The losses on Wall Street followed mixed results in Europe and gains across the Asia-Pacific region. Gains in China were helped by the announcement from Shanghai authorities that they would be easing home-buying rules to help alleviate the property crisis.

The ASX 200 hit a fresh high yesterday morning, but gave back almost all its early gains to close just 0.1% higher, with results mixed across sectors. The Aussie share market followed the US lower this morning. Despite the weaker global market sentiment, the Australian dollar is up versus all the major currencies except for the safe-haven Japanese yen. Commonwealth bond yields also rose slightly across the yield curve.

Speaking this morning, New York Fed Chair John Williams said that the time of low interest rates appears to be 'far from over'. In his assessment, the level of neutral rates might not have risen much from pre-pandemic levels. This follows comments by Fed Chair Jerome Powell on Friday night, who opened the door for a restart of the rate cutting cycle for the FOMC.

There were no top-tier data releases overnight. From the second-tier data, the Chicago Fed National Activity Index, which is a weighted average of 85 US economic activity indicators, was little changed at -0.19 in July, suggesting sub-trend growth. Its three-month average also remained negative, but picked up from the June levels (-0.19 versus -0.26). US new home sales fell by 0.6% in July, but this followed an upwardly revised gain of 4.1% in the previous month (originally: +0.9%). US new home sales are 36.4% off their 2020 peak, but are around the 10-year average.

From domestic data, ANZ Roy Morgan consumer confidence fell by 3.8% last week, but remained well above its 2023 lows. Consumer inflation expectations ticked back up to 5.0%.

Economic Data Review

- **AU:** ANZ Roy Morgan Consumer Confidence (w/e 23 Aug) – Actual 86.0, Previous 89.4.
- **US:** Chicago Fed National Activity Index (Jul) – Actual -0.19, Expected -0.11, Previous -0.18 (revised).
- **US:** New Home Sales (MoM, Jul) – Actual -0.6%, Expected 0.5%, Previous 4.1% (revised).

Economic Data Preview

- **AU:** RBA Monetary Policy Board Minutes.
- **US:** Durable Goods Orders (MoM, Jul) – Expected -4.0%, Previous -9.4%.
- **US:** Conference Board Consumer Confidence (Aug) – Expected 96.4, Previous 97.2.
- **US:** Case-Shiller House Price Index 20 Cities (MoM, Jun) – Expected -0.2%, Previous -0.3%.