

| Interest Rates | | | FX | | | Commodities | | |
|----------------------|------|-------------|------------------------------------|-----------|-------|--------------------------|----------|----------|
| Australia | | Δ bp | AUD/USD | 0.7129 | -0.8% | WTI Crude Oil | 106.64 | \$7.40 |
| 90-day Bill | 4.37 | -2 | AUD/JPY | 114.17 | -0.4% | Brent Crude Oil | 119.17 | \$8.24 |
| 3-year Bond | 4.76 | -3 | AUD/EUR | 0.6100 | -0.6% | Mogas95* | 133.92 | \$5.93 |
| 10-year Bond | 5.07 | 0 | AUD/GBP | 0.5284 | -0.6% | CRB Index | 394.49 | 8.87 |
| | | | AUD/NZD | 1.2196 | -0.1% | Gold | 4566.38 | -\$35.30 |
| | | | AUD/CNY | 4.8659 | -0.9% | Silver | 72.22 | -\$0.98 |
| US | | | EUR/USD | 1.1687 | -0.2% | Iron Ore (61% Fe)** | 106.75 | \$0.40 |
| 2-year | 3.93 | 9 | USD/JPY | 160.15 | 0.4% | Iron Ore (25-26 Average) | 103.53 | \$0.02 |
| 10-year | 4.42 | 8 | USD/CNY | 6.8404 | 0.0% | Copper | 13004.50 | -\$32.00 |
| | | | RBA Policy | | | Equities | | |
| Other 10-year | | | O/N Cash Rate Target | 4.10 | | ASX200 | 8644 | -27 |
| Japan | 2.51 | 4 | Interbank O/N Cash Rate | 4.10 | | Dow Jones | 48862 | -280 |
| Germany | 3.11 | 4 | Probability of a 25bps Hike in May | 76.3% | | S&P500 | 7136 | -3 |
| UK | 5.07 | 6 | RBA Bond Holdings (31 Mar) | A\$250.0b | | Stoxx600 | 603 | -4 |
| | | | | | | CSI300 | 4810 | 52 |

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

**Iron ore is the second SGX futures contract.

US stocks closed slightly lower after a choppy trading day, as concerns over prolonged oil supply disruptions mounted and some FOMC participants tilted towards a more hawkish stance.

According to press reports, US President Donald Trump rejected an Iranian offer to re-open the Strait of Hormuz in exchange for ending the US naval blockade. Other reports suggest that the US Central Command is preparing plans for a 'short and powerful' wave of strikes on Iran. Oil prices surged on the news, with Brent futures briefly surpassing the US\$120 a barrel mark for the first time since 2022.

The FOMC left the fed funds rate target range at 3.50-3.75% overnight and maintained a wait-and-see approach to monetary policy with a slight dovish bias. The decision was not unanimous, however, with Governor Stephen Miran seeing a case for a 25bps rate cut, while three further FOMC participants did not support the marginal bias towards policy easing in the post-meeting statement's forward guidance.

The news that some FOMC participants do not see the case for maintaining the mild easing bias, along with the surge in oil prices, pushed US Treasury yields higher overnight, while the US dollar appreciated. Market participants' base case continues to be for a steady fed funds rate this year, but monetary policy tightening expectations in 2027 have again re-emerged last night.

The Bank of Canada also left its policy rate unchanged yesterday and stressed that, while it is looking through the immediate impacts of the Middle East conflict, it will not allow them to feed through to persistent inflation. The ECB and Bank of England are to announce their monetary policy decisions later today, with no changes expected either.

The weaker global market sentiment and – to a lesser extent – the slight downside surprise to the domestic headline CPI inflation figure weighed down the Australian dollar. The ASX 200 ebbed by 0.3% yesterday and opened lower again this morning. With cash rate hike expectations easing slightly after the CPI report, 3-year Commonwealth bond yields declined a little, but 10-year yields held steady.

The annual rate of headline [CPI inflation](#) picked up by 0.9ppts to 4.6% in March, which is slightly below expectations for a 4.6% gain, but still the highest level in the short history of the series due to a surge in automotive fuel prices and electricity costs. However, annual trimmed mean inflation, which remains the RBA's preferred underlying inflation measure for now, ticked up by 0.1ppts to 3.5% in Q1, in line with market consensus.

US durable goods orders rose by 0.8% in March, with non-defence capital goods excluding aircraft surging by 3.3%, the most since mid-2020. The goods trade deficit widened slightly, roughly in line with market consensus.

Economic Data Review

- **AU:** CPI (YoY, Mar) – Actual 4.6%, Expected 4.8%, Previous 3.7%.

Economic Data Preview

- **AU:** Export and Import Prices (QoQ, Q1) – Expected 1.8% (Ex) and -0.6% (Im), Previous 3.2% (Ex) and 0.9% (Im).
- **AU:** Private Sector Credit (MoM, Mar) – Expected 0.6%, Previous 0.6%.
- **CH:** PMIs (Apr) – Previous 50.5 (NBS Composite) and 50.8 (RatingDog Manufacturing).
- **US:** GDP (QoQ annualised, Q1, adv.) – Expected 2.2%, Previous 0.5%.
- **US:** PCE Price Index (MoM, Mar) – Expected 0.3%, Previous 0.4%.