

Interest Rates			FX			Commodities		
<b>Australia</b>		$\Delta$ bp	AUD/USD	0.7161	0.0%	WTI Crude Oil	91.87	\$3.81
90-day Bill	4.46	1	AUD/JPY	114.35	0.3%	Brent Crude Oil	94.88	\$1.65
3-year Bond	4.55	8	AUD/EUR	0.6156	0.2%	Mogas95*	110.53	-\$2.88
10-year Bond	4.90	6	AUD/GBP	0.5321	-0.1%	CRB Index	385.91	1.30
			AUD/NZD	1.2085	0.4%	Gold	4487.13	-\$9.23
			AUD/CNY	4.8469	-0.1%	Silver	74.98	-\$0.83
<b>US</b>			EUR/USD	1.1632	-0.2%	Iron Ore (61% Fe)**	105.15	-\$0.15
2-year	4.04	2	USD/JPY	159.69	0.3%	Iron Ore (25-26 Average)	103.95	\$0.00
10-year	4.46	1	USD/CNY	6.7670	-0.1%	Copper	13832.00	\$130.50
			RBA Policy			Equities		
			O/N Cash Rate Target	4.35		ASX200	8638	-21
			Interbank O/N Cash Rate	4.35		Dow Jones	51079	410
<b>Other 10-year</b>			Probability of a 25bps Hike in Jun	0.0%		S&P500	7600	36
Japan	2.70	2	RBA Bond Holdings (30 Apr)	A\$230.3b		Stoxx600	621	-4
Germany	3.00	4				CSI300	4844	-70
UK	4.90	8						

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

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

The S&P and Nasdaq rose to record highs both last night and on Friday, amid hopes for an end to the US-Iran war and fresh AI-related optimism.

Hopes for an end to the conflict in the Middle East came despite underwhelming news from the ground, with ongoing sporadic attacks between the US and Iran and Israel announcing new strikes on Beirut. In social media posts, US President Donald Trump said that the talks with Iran continue 'at a rapid pace' and that Israel would limit on-ground operations in Lebanon. Given these mixed messages, oil prices have picked up since Friday.

The AUD appreciated against all the major currencies except for the USD, while Commonwealth bond yields rose more than their US equivalents. The ASX 200 opened lower today, after surging by 1.6% on Friday and closing flat yesterday.

From data released over the long weekend, the US ISM manufacturing PMI rose by 1.3pts to 54.0 in May (above 50 = expansion), indicating the fastest pace of growth in precisely four years. The report details suggested the strongest gain in new orders since early 2022, further contraction in employment, and slower, though steep, rise in prices paid.

Across the Pacific, the Chinese NBS composite PMI suggested a slightly faster, albeit still sluggish pace of expansion in May, with the growth rate in services turning slightly positive and the pace of decline in construction slowing. The NBS manufacturing PMI pointed to stagnation, but its RatingDog equivalent – which is more focused on smaller private sector companies – suggested solid, though somewhat slower, expansion.

At home, the Melbourne Institute inflation gauge suggested that consumer prices ebbed by 0.3% in May, but the annual rate of inflation ticked up by 0.1ppts to 4.4%; this measure is not targeted by the RBA.

The Cotality home value index for the combined capital cities ebbed by 0.1% in May, dragged down by solid declines in Sydney (-0.9%) and Melbourne (-0.8%), while other capitals saw gains. The largest rise among state capital cities was again recorded for Perth (+1.5%), with the median value of A\$1,051k slightly above the capital city average (A\$1,031k).

ANZ job ads rose by 1.8% in May, while the April decline turned out to be slightly smaller than first estimated (-0.6% instead of -0.8%). Job ads are up 2.0% over the year and 15.1% higher than before COVID-19 hit.

The main domestic release this week will be the Q1 GDP tomorrow. It will be preceded by the balance of payments for Q1 and dwelling approvals for April later this morning, and followed by the April goods trade balance on Thursday. There will also be a lot of RBA speak this week. The key releases abroad will be the US labour market data, as well as the US and Chinese PMIs.

### Economic Data Review

- **AU:** Melbourne Institute Inflation Gauge (May) – Actual -0.3%, Previous 0.6%.
- **AU:** Cotality Home Value Index (MoM, May) – Actual -0.1%, Previous 0.2%.
- **CH:** PMIs (May) – Actual 50.5 (NBS Comp) and 51.8 (RD Mfg), Previous 50.1 (NBS Comp) and 52.2 (RD Comp).
- **US:** ISM Manufacturing PMI (May) – Actual 54.0, Expected 53.0, Previous 52.7.

### Economic Data Preview

- **AU:** Current Account Balance (Q1) – Expected -A\$23.4b, Previous -US\$21.1b.
- **AU:** Dwelling Approvals (MoM, Apr) – Expected -1.6%, Previous -10.5%.
- **US:** JOLTS Job Openings (Apr) – Expected 6.9m, Previous 6.9m.