

Interest Rates			FX			Commodities		
Australia		Δ bp	AUD/USD	0.6893	-0.4%	WTI Crude Oil	70.09	-\$2.84
90-day Bill	4.47	-1	AUD/JPY	111.48	-0.3%	Brent Crude Oil	73.36	-\$3.44
3-year Bond	4.37	-4	AUD/EUR	0.6074	-0.1%	Mogas95*	95.58	-\$2.99
10-year Bond	4.72	-6	AUD/GBP	0.5238	-0.1%	CRB Index	350.01	-5.32
			AUD/NZD	1.2219	0.1%	Gold	3994.10	-\$104.98
			AUD/CNY	4.6894	-0.1%	Silver	57.44	-\$4.14
US			EUR/USD	1.1349	-0.2%	Iron Ore (61% Fe)**	98.50	\$0.40
2-year	4.15	-5	USD/JPY	161.74	0.1%	Iron Ore (25-26 Average)	103.71	-\$0.02
10-year	4.41	-9	USD/CNY	6.8105	0.3%	Copper	13086.50	-\$284.50
			RBA Policy			Equities		
			O/N Cash Rate Target	4.35		ASX200	8784	-15
			Interbank O/N Cash Rate	4.35		Dow Jones	51849	182
Other 10-year			Probability of a 25bps Hike in Aug	31.0%		S&P500	7358	-7
Japan	2.65	-3	RBA Bond Holdings (29 May)	A\$229.8b		Stoxx600	635	1
Germany	2.87	-5				CSI300	4943	24
UK	4.68	-7						

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

**Iron ore is the second SGX futures contract.

Ongoing concerns over the sustainability of the artificial intelligence boom continued to drag on Wall Street last night, taking the S&P 500 marginally lower, while the tech-heavy Nasdaq lost another 0.4%. However, many sectors performed quite well, with a particularly solid performance from industrials, which saw the Dow Jones pick up by 0.4%, to close 0.3% off its record high.

Government bond yields fell further on easing concerns over global inflation, as oil prices continue to head south. US 10-year Treasury yields reached the lowest level in around a month but remain elevated – as are 2-year yields – with one 25bps fed funds rate hike fully priced in for October.

Brent and WTI futures are now back to the levels from the start of the US-Iran war. The downturn in oil prices reflects a further revival in traffic in the Strait of Hormuz. According to Bloomberg data, 44 commercial vessels crossed the Strait yesterday, which is the highest level since early March, but still well short of the triple-digit pre-war volumes.

In other commodity news, the gold price dropped below US\$4,000 an ounce for the first time since November last year. This partly reflected appreciation of the US dollar, which is now the strongest in over a year. However, ongoing expectations for Fed tightening are not helping the yellow metal either. In AUD terms, the gold price is trading at just above A\$5,800 an ounce, unseen since October 2025.

The Australian dollar depreciated against all the major currencies, with the mixed domestic CPI figures yesterday having little impact on the currency. Commonwealth bond yields declined less than their US equivalents. The ASX 200 ticked up by 0.2% yesterday, with gains in all sectors except for materials and energy, before opening lower this morning.

The [Aussie CPI](#) declined by 0.7% in May, almost twice stronger than pencilled in by the market consensus, while the annual rate of headline inflation unexpectedly declined to a three-month low of 4.0%. The largest contributor to the decline in the annual rate of consumer price inflation were automotive fuel prices, reflecting the impacts of the fuel excise cut and stabilisation in global oil prices in the later stage of the Middle East war.

Automotive fuel prices were excluded from trimmed mean CPI, which increased by 0.4% MoM and 3.6% YoY. This was slightly above the market expectations of 0.3% MoM and 3.5% YoY. While this implies some risk to the Q2 annual trimmed mean inflation figures, the 3.8% forecast by the RBA still appears a quite safe bet.

A separate set of data released yesterday by the Australian Jobs and Skills Commission showed that the number of online job ads dropped by 3.3% in May but remained at historically high levels. The ABS job vacancies for May will accompany the labour force survey results that are scheduled for release later today.

Economic Data Review

- **AU:** CPI (MoM, May) – Actual -0.7%, Expected -0.4%, Previous 0.4%.

Economic Data Preview

- **AU:** Employment (monthly change, May) – Expected 32.5k, Previous -18.6k.
- **AU:** Unemployment Rate (May) – Expected 4.4%, Previous 4.5%.
- **AU:** Household Spending (MoM, May) – Expected 0.5%, Previous -1.1%.
- **US:** PCE Price Index (May) – Expected 0.5%, Previous 0.4%.
- **US:** Durable Goods Orders (MoM, May) – Expected -5.0%, Previous 8.0%.