

Interest Rates			FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.6471	0.0%	WTI Crude Oil	66.29	-\$0.71
	90-day Bill	3.66	AUD/JPY	95.04	-0.4%	Brent Crude Oil	68.77	-\$0.54
	3-year Bond	3.34	AUD/EUR	0.5588	-0.1%	Mogas95*	77.62	\$0.11
	10-year Bond	4.20	AUD/GBP	0.4868	-0.1%	CRB Index	293.65	-1.63
US			AUD/NZD	1.0943	-0.1%	Gold	3377.80	\$22.84
	2-year	3.67	AUD/CNY	4.6389	0.1%	Silver	37.44	\$0.54
	10-year	4.19	EUR/USD	1.1580	0.1%	Iron Ore (62% Fe)**	102.35	\$1.80
			USD/JPY	146.87	-0.5%	Iron Ore (25-26 Average)	99.81	\$0.14
Other 10-year			USD/CNY	7.1809	-0.2%	Copper	9687.00	\$56.50
			RBA Policy			Equities		
			O/N Cash Rate Target	3.85		ASX200	8736	87
			Interbank O/N Cash Rate	3.84		Dow Jones	44174	585
Japan	1.49	-1	Probability of a 25bps Cut in Aug	97.9%		S&P500	6330	92
Germany	2.62	-6	RBA Bond Holdings (31 Jul)	A\$272.1b		Stoxx600	541	5
UK	4.51	-2				CSI300	4071	16

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

**Iron ore is the second SGX futures contract.

US stocks bounced back on Monday, fuelled by hopes for a quicker rate cut from the FOMC and solid corporate earnings.

The market probability of a 25bps reduction in the fed funds rate target range at the next FOMC meeting in September is approaching 100%, while the terminal rate is now expected at about 3.0%, compared to around 3.2% before the disappointing US labour market report on Friday. US Treasury yields fell a little further, to be the lowest since early May, while the US dollar retreated to a one-week low.

The gains on Wall Street followed increases in Europe and mixed results in the Asia-Pacific region. The ASX 200 closed flat despite a poor start, thanks in part to a rise in consumer staples and materials, with the latter driven by gold mining companies. The Australian dollar depreciated against all the major currencies except for the weaker greenback. Commonwealth bond yields dropped at the open this morning, catching up to their US equivalents following a New South Wales bank holiday yesterday.

Oil prices continued to fall, still dragged down by the OPEC+ decision to deliver another significant output hike in September, which would see a complete unwind of last year's production cuts. The further decline in oil prices came despite US President Donald Trump again threatening to increase tariff rates on India, in retaliation for purchasing, processing and reselling Russian oil, as the deadline for Russian-Ukrainian ceasefire fast approaches.

In other commodity news, the gold price increased by 0.7% overnight, supported by concerns over the US labour market. Iron ore futures rose by nearly 2%, as a decline in port stocks in China fuelled hopes for solid demand.

Data-wise, the Melbourne Institute inflation gauge accelerated to 0.9% MoM and 2.9% YoY in July, most likely reflecting higher out-of-pocket expenses for electricity as Commonwealth and state government energy bill relief measures were exhausted. The Melbourne Institute report also estimated that the annual rate of trimmed mean inflation remained at 2.6% in July. The Melbourne Institute inflation gauge is modelled on the official CPI basket, but the sample size is much smaller. It is not targeted by the RBA.

ANZ Roy Morgan consumer sentiment surged to 90.6 last week, which is the highest level since May 2022. According to the ANZ, the improvement was thanks to the CPI report last Wednesday, which opened the door to a cash rate cut in August. That said, weekly inflation expectations rose to 5.2%, which is the highest level since mid-January, apparently driven by the US keeping the baseline 10% tariff rate on goods imports from Australia.

Economic Data Review

- **AU:** Melbourne Institute Inflation Gauge (MoM, Jul) – Actual 0.9%, Previous 0.1%.
- **AU:** ANZ Roy Morgan Consumer Confidence (w/e 2 Aug) – Actual 90.6, Previous 86.7.

Economic Data Preview

- **AU:** Household Spending Indicator (MoM, Jun) – Expected 0.8%, Previous 0.9%.
- **AU:** ANZ Indeed Job Ads (MoM, Jul) – Previous 1.8%.
- **CH:** S&P Global Services PMI (Jul) – Expected 50.4, Previous 50.6.
- **US:** ISM Services PMI (Jul) – Expected 51.5, Previous 50.8.