

Interest Rates			FX			Commodities		
Australia		Δ bp	AUD/USD	0.6917	0.4%	WTI Crude Oil	68.46	\$0.61
90-day Bill	4.46	0	AUD/JPY	111.62	-0.3%	Brent Crude Oil	71.80	\$0.84
3-year Bond	4.43	0	AUD/EUR	0.6055	0.0%	Mogas95*	94.25	\$1.69
10-year Bond	4.82	2	AUD/GBP	0.5185	-0.1%	CRB Index	353.03	-0.83
			AUD/NZD	1.2150	0.1%	Gold	4121.46	\$77.23
			AUD/CNY	4.6951	0.3%	Silver	60.96	\$1.71
US			EUR/USD	1.1425	0.4%	Iron Ore (61% Fe)**	97.95	-\$1.65
2-year	4.14	-4	USD/JPY	161.36	-0.7%	Iron Ore (26-27 Average)	98.86	\$0.22
10-year	4.48	0	USD/CNY	6.7849	-0.1%	Copper	13326.00	\$27.50
			RBA Policy			Equities		
Other 10-year			O/N Cash Rate Target	4.35		ASX200	8724	42
Japan	2.79	6	Interbank O/N Cash Rate	4.35		Dow Jones	52900	595
Germany	2.90	3	Probability of a 25bps Hike in Aug	18.6%		S&P500	7483	0
UK	4.78	2	RBA Bond Holdings (29 May)	A\$229.8b		Stoxx600	648	9
						CSI300	4812	-147

*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 500 closed flat yesterday, while US Treasury yields declined at the front end of the yield curve, as a smaller-than-expected increase in US non-farm payrolls led to some scaling back of fed funds rate hike expectations. A 25bps increase is now fully priced in for December rather than October before the release. The US dollar index declined, to be 0.7% off its recent one-year high.

Oil prices picked up a little, but remain close to their pre-war levels, while the gold price rose to its highest level in around two weeks. Iron ore futures declined, despite press reports that the Chinese authorities may have restricted the use of some iron ore held in the ports in the country, which could trigger more imports.

The Australian dollar appreciated against the weaker greenback, but is down versus the Japanese yen and British pound, while being little changed versus the euro. The pace of depreciation of the AUD and USD against the JPY was quite solid, amid speculation that the authorities might intervene in the foreign exchange market to counter the multi-decade weakness of the currency.

Commonwealth bond yields increased for longer maturities, but were little changed at the front end of the yield curve. The ASX 200 was little changed yesterday, with losses in most sectors offset by gains in financials and health care. The Aussie share market opened higher this morning.

US non-farm payrolls rose by only 57k in June, around half of what was expected, while the May gain was revised downwards (to +129k from +172k). The smaller growth in June was caused by a drop in jobs in leisure and hospitality, which is a surprise given the FIFA World Cup being held in the US. This was partly offset by a decent gain in education and health services.

The survey part of the labour situation summary was a bit more nuanced, with the unemployment rate unexpectedly ebbing by 0.1ppts to 4.2% in June. However, this came amid the participation rate declining to 61.5%, which is the lowest level since early 2021. Average hourly earnings rose by 0.3% in June, the same as in the previous month and in line with market expectations, taking the annual rate of wages growth back to 3.5%.

In a separate set of data, US initial jobless claims were little changed at 215k last week, as were continued claims in the week ending 20 June (1,814k versus 1,812k a week before).

At home, [goods trade balance](#) turned back negative in May, for the second time this year, following five years of sustained surpluses. The deterioration in the trade balance reflected both a drop in export values (concentrated in iron ore and non-monetary gold) and a rise in imports, though automotive fuel imports ebbed after strong increases in the first months of the war in the Middle East.

Economic Data Review

- **AU:** Goods Trade Balance (May) – Actual -A\$3.0b, Expected A\$2.2b, Previous A\$1.4b (revised).
- **US:** Non-farm Payrolls (monthly change, Jun) – Actual 57k, Expected 113k, Previous 129k (revised).
- **US:** Unemployment Rate (Jun) – Actual 4.2%, Expected 4.3%, Previous 4.3%.
- **US:** Initial Jobless Claims (w/e 27 Jun) – Actual 215k, Expected 218k, Previous 216k (revised).

Economic Data Preview

- **CH:** RatingDog Services PMI (Jun) – Expected 53.0, Previous 54.4.