

Interest Rates (%)			FX			Commodities US\$			
Australia		Δ bp	AUD/USD	0.6546	0.3%	WTI Crude Oil	68.10	-\$0.02	
	90-day Bill	3.74	-3	AUD/JPY	95.47	-0.4%	Brent Crude Oil	69.96	-\$0.01
	3-year Bond	3.44	-5	AUD/EUR	0.5573	0.1%	Mogas95*	79.24	-\$0.37
	10-year Bond	4.28	-5	AUD/GBP	0.4810	0.1%	CRB Index	301.65	-0.64
			AUD/NZD	1.0893	0.0%	Gold	3319.45	\$14.67	
			AUD/CNY	4.6941	0.1%	Silver	36.39	-\$0.20	
US			EUR/USD	1.1746	0.2%	Iron Ore (62% Fe)**	96.50	\$0.50	
	2-year	3.85	-5	USD/JPY	145.85	-0.7%	Iron Ore (25-26 Average)	95.51	\$0.13
	10-year	4.33	-7	USD/CNY	7.1807	0.0%	Copper	9630.50	-\$160.00
			RBA Policy			Equities			
Other 10-year			O/N Cash Rate Target		3.85	ASX200	8588	56	
			Interbank O/N Cash Rate		3.84	Dow Jones	44458	218	
	Japan	1.50	1	Probability of a 25bps Cut in Aug		94.6%	S&P500	6263	38
	Germany	2.67	-1	RBA Bond Holdings (30 Jun)		A\$276.4b	Stoxx600	550	4
	UK	4.61	-2				CSI300	3991	-7

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

**Iron ore is the second SGX futures contract.

US stocks saw some volatility overnight before closing higher, as US President Donald Trump sent tariff letters to more countries, including Brazil, which was hit with a 50% tariff rate. Market participants remained concerned about President Trump's proposal for sectoral tariffs – 50% on copper and 200% on pharmaceuticals. The 50% copper tariff was announced by President Trump in a social media post at the time of writing and is set to be effective on 1 August.

Overall, the S&P 500 closed 0.6% higher yesterday, though there were declines in consumer staples and real estate. Information technology led the gains, and tech-heavy Nasdaq 100 rose by 0.7%.

US Treasury yields fell across the yield curve, even though the FOMC minutes confirming that, despite a split over the timing of rate cuts, members agreed that current monetary policy settings leave the Committee well-positioned to address economic developments.

The ASX 200 closed 0.6% lower yesterday, with declines in most sectors led by real estate. Commonwealth bond yields declined across the yield curve. The Australian dollar appreciated slightly against all major currencies, except for the stronger Japanese yen.

In commodity markets, US copper prices rose to fresh record highs on the 50% tariff concerns, before easing, while British LME copper prices fell. Prices declined a little further in the British LME. Oil and iron ore futures, as well as gold price, picked up overnight.

The FOMC minutes brought no major surprises, reiterating that inflation remains 'somewhat elevated' compared to the 2% goal, and that progress in returning to that goal is uneven. In addition, the Committee noted that there is 'considerable uncertainty' about the timing, size and duration of inflationary pressure from tariffs. However, they stressed that, in their opinion, longer-term inflation expectations are 'well anchored', though some meeting participants said that expectations could be propped up by the tariffs. Overall, participants agreed that the current monetary policy stance leaves the FOMC well-positioned to respond to any developments in a timely manner.

Across the Pacific, the annual rate of Chinese consumer price inflation turned slightly positive in June (+0.2ppts to 0.1% YoY), with core inflation excluding food and energy increasing by 0.1ppts to 0.7% YoY. At the same time, the pace of deflation in producer prices unexpectedly deepened in June, reaching 3.6% YoY, the fastest since mid-2023.

Closer to home, the RBNZ left its official cash rate unchanged at 3.25% as expected, but signalled that it could reduce the rate further in August if the developments - particularly with respect to inflation - meet its expectations. Markets see around a 2/3 probability of a 25bps cut in August, while such a move is fully priced in for October.

In Australia, RBA Deputy Governor Andrew Hauser spoke yesterday, assessing that the first-round impact of tariffs will probably be 'relatively minor'.

Economic Data Review

- **CH:** CPI (YoY, Jun) – Actual 0.1%, Expected 0.0%, Previous -0.1%.
- **CH:** PPI (YoY, Jun) – Actual -3.6%, Expected -3.1%, Previous -3.3%.

Economic Data Preview

- **US:** Initial Jobless Claims (w/e 5 Jul) – Expected 235k, Previous 233k.