

Interest Rates (%)			FX			Commodities US\$		
<b>Australia</b>		<b>Δ bp</b>	AUD/USD	0.6452	0.7%	WTI Crude Oil	62.85	\$0.33
	90-day Bill	3.79	AUD/JPY	93.82	0.9%	Brent Crude Oil	65.70	\$0.29
	3-year Bond	3.62	AUD/EUR	0.5750	0.4%	Mogas95*	75.60	-\$0.17
	10-year Bond	4.48	AUD/GBP	0.4834	0.4%	CRB Index	296.21	0.13
<b>US</b>			AUD/NZD	1.0888	0.1%	Gold	3216.74	-\$30.82
			AUD/CNY	4.6544	0.7%	Silver	32.32	-\$0.20
	2-year	3.98	EUR/USD	1.1220	0.3%	Iron Ore (62% Fe)**	99.50	-\$0.15
	10-year	4.46	USD/JPY	145.41	0.1%	Iron Ore (24-25 Average)	101.47	-\$0.01
<b>Other 10-year</b>			USD/CNY	7.2138	0.0%	Copper	9523.50	\$76.00
			<b>RBA Policy</b>			<b>Equities</b>		
			O/N Cash Rate Target	4.10		ASX200	8363	56
			Interbank O/N Cash Rate	4.09		Dow Jones	42792	137
Japan	1.48	1	Probability of a 25bps Cut in May	95.8%		S&P500	5964	5
Germany	2.59	0	RBA Bond Holdings (30 Apr)	A\$276.9b		Stoxx600	550	1
UK	4.66	1				CSIB300	3877	-12

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

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

US stocks traded in the red for most of the session, but managed to close marginally higher as investors eventually shrugged off Moody's downgrade of the US credit rating. Treasury yields continued their post-downgrade rise before falling back. The US dollar depreciated to be the weakest in around two weeks. The US House Budget Committee passed the tax and immigration bill during their late Sunday session.

The Australian dollar appreciated against all the major currencies. The ASX 200 closed 0.6% higher yesterday, with declines in all sectors except for utilities and communication services. Commonwealth bond yields picked up a little ahead of the RBA decision later today, with a 25bps cut expected by market participants and us.

New York Fed President John Williams acknowledged that the FOMC might not be able to fully assess the post-tariff state of the US economy at the June or July meeting, implying that the cut will not be considered until September. Fed Vice Chair judged that policy settings are appropriate for now, allowing the FOMC to remain patient. Atlanta Fed Raphael Bostic echoed these comments, assessing that the FOMC might need to wait 'three to six months' before cutting rates, and went on as far as to suggest only one 25bps cut this year. Currently, 49bps of fed funds rate cuts is priced in by the futures market, with the next cut not fully priced in until October.

Data-wise, the Chinese authorities released the first set of domestic economic activity data encompassing the period after the 2 April tariff increases. The data pointed to slower growth, with the annual rate of retail sales growth slowing by 0.7ppts to 5.1%, significantly missing the market expectations of a 5.8% YoY gain. Industrial production growth saw a broad-based slowdown to 6.1% YoY, in line with expectations. Steel output growth was flat through the year.

From other data relevant to the Chinese demand for iron ore, urban fixed asset investment growth unexpectedly slowed to 4.0% YoY YtD in April, the slowest so far in 2025, while the pace of drop in property investment re-accelerated to 10.2% (mkt exp.: -10.0%). Residential property sales fell by 1.9% YoY YtD, which is faster than the 0.4% registered in the previous two months, but the pace of decline has slowed from the double-digit falls in 2024.

Despite the disappointing Chinese data, iron ore futures declined by just 0.2%. Oil prices picked up by around 0.5%, though Brent futures have been hovering around US\$65 a barrel for over a week. The gold price declined further and is around its lowest levels since mid-April.

In Australia, ANZ Roy Morgan consumer confidence rose further last week, as inflation expectations remained at 4.5%.

## Economic Data Review

- AU:** ANZ Roy Morgan Consumer Confidence (w/e 17 May) – Actual 88.8, Previous 88.3.
- CH:** Retail Sales (YoY, Apr) – Actual 5.1%, Expected 5.8%, Previous 5.9%.
- CH:** Industrial Production (YoY, Apr) – Actual 6.1%, Expected 5.7%, Previous 7.7%.
- CH:** Urban Fixed Asset Investment (YoY YtD, Apr) – Actual 4.0%, Expected 4.2%, Previous 4.2%.

## Economic Data Preview

- AU:** RBA Monetary Policy Board Decision (Cash Rate Target) – Expected 3.85%, Previous 4.10%.
- AU:** Statement on Monetary Policy (Q2).
- AU:** Public Appearance by RBA Governor Michele Bullock.
- CH:** PBoC Announcement (Five-year Loan Prime Rate) – Expected 3.50%, Previous 3.60%