

Interest Rates (%)			FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.6511	-0.5%	WTI Crude Oil	67.68	\$1.97
	90-day Bill	3.58	AUD/JPY	95.08	0.6%	Brent Crude Oil	69.35	\$1.80
	3-year Bond	3.36	AUD/EUR	0.5545	-0.1%	Mogas95*	79.29	\$2.10
	10-year Bond	4.23	AUD/GBP	0.4778	-0.3%	CRB Index	299.28	-0.65
US			AUD/NZD	1.0832	0.1%	Gold	3332.76	\$8.74
	2-year	3.89	AUD/CNY	4.6650	-0.6%	Silver	36.77	-\$0.17
	10-year	4.39	EUR/USD	1.1741	-0.4%	Iron Ore (62% Fe)**	95.35	-\$1.25
			USD/JPY	146.02	1.1%	Iron Ore (25-26 Average)	95.25	-\$0.21
Other 10-year			USD/CNY	7.1762	0.1%	Copper	9829.50	-\$35.00
			RBA Policy			Equities		
			O/N Cash Rate Target	3.85		ASX200	8571	-27
			Interbank O/N Cash Rate	3.84		Dow Jones	44406	-422
Japan	1.48	3	Probability of a 25bps Cut in Jul	94.3%		S&P500	6230	-49
Germany	2.64	4	RBA Bond Holdings (30 Jun)	A\$276.4b		Stoxx600	544	2
UK	4.59	3				CSI300	3965	-17

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

**Iron ore is the second SGX futures contract.

US shares saw decent declines at the start of the trading week, as US President Donald Trump announced new tariff rates for 14 countries and extended the reciprocal tariff pause to 1 August to allow for further trade negotiations, while warning of additional 10% tariffs on countries cooperating with BRICS on 'anti-American' policies.

There were some important Australian trading partners in the group of the 14 countries that received the letters, with Japan, South Korea, and Malaysia all subject to a 25% tariff rate (against 24-25% set on 2 April). However, the extension of the tariff pause means that the above tariff rates will be effective from 1 August, only if no trade agreement is reached.

Australia has not received a letter with an updated tariff rate so far, but is expected to remain subject to the 10% baseline tariff. Additional countries will receive letters in the coming days. The 12 August deadline for China remains in place.

The tariff news sent the Australian dollar down against all the major currencies except the weaker Japanese yen. The ASX 200 eased from a record high yesterday, declining by 0.2%, with gains and losses almost equally split across the sectors, before opening 0.5% lower this morning.

Commonwealth bond yields followed their US equivalents higher ahead of the RBA decision later today. A 25bps rate cut is widely expected both by market participants and economists, but we are of the opinion that the decision will be a closer call than suggested by the current market pricing.

In commodity markets, the downslide in oil prices due to the OPEC+ output hike was short-lived, as Saudi Arabia increased oil prices for Asian economies. Iron ore futures eased a little further since yesterday morning.

Data-wise, ANZ Indeed job ads picked up by 1.8% in June, to remain elevated at the highest level in around a year and at 16.1% above the pre-COVID average. The rise was driven by private sector jobs.

ANZ Roy Morgan consumer confidence rose by 1.6% last week, reportedly supported by hopes for a cut from the RBA later today. Consumer inflation expectations lifted back to 5.0%.

Economic Data Review

- **AU:** ANZ Indeed Job Ads (MoM, Jun) – Actual 1.8%, Previous -0.6% (revised).
- **AU:** ANZ Roy Morgan Consumer Sentiment (w/e 5 Jul) – Actual 88.6, Previous 87.2.

Economic Data Preview

- **AU:** RBA Monetary Policy Board Decision (Cash Rate Target) – Expected 3.60%, Previous 3.85%.
- **AU:** Press Conference by RBA Governor Michele Bullock.
- **AU:** Statement on Monetary Policy.
- **AU:** NAB Business Conditions (Jun) – Previous 0.
- **AU:** NAB Business Confidence (Jun) – Previous 2.
- **US:** NFIB Small Business Optimism (Jul) – Expected 98.7, Previous 98.8.