

Interest Rates (%)				FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.6411	0.4%	WTI Crude Oil	58.37	-\$1.94	
90-day Bill	3.88	1	AUD/JPY	91.65	0.9%	Brent Crude Oil	61.27	-\$2.86	
3-year Bond	3.31	3	AUD/EUR	0.5662	1.0%	Mogas95*	72.54	-\$2.90	
10-year Bond	4.20	2	AUD/GBP	0.4812	1.0%	CRB Index	288.77	-5.46	
			AUD/NZD	1.0794	0.3%	Gold	3248.50	-\$68.05	
			AUD/CNY	4.6564	0.3%	Silver	32.24	-\$0.79	
US			EUR/USD	1.1323	-0.6%	Iron Ore (62% Fe)**	95.45	-\$2.95	
2-year	3.62	-3	USD/JPY	142.96	0.5%	Iron Ore (24-25 Average)	101.63	-\$0.03	
10-year	4.19	2	USD/CNY	7.2714	0.0%	Copper	9125.00	-\$315.00	
			RBA Policy			Equities			
			O/N Cash Rate Target		4.10	ASX200	8120	21	
Other 10-year			Interbank O/N Cash Rate		4.09	Dow Jones	40669	142	
Japan	1.31	-2	Probability of a 50bps Cut in May		53.5%	S&P500	5569	8	
Germany	2.44	-5	RBA Bond Holdings (31 Mar)		A\$297.4b	Stoxx600	527	2	
UK	4.44	-4				CSI300	3771	-5	

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

**Iron ore is the second SGX futures contract.

US stocks picked up, while the US dollar appreciated, despite the US Q1 GDP figures suggesting the first negative outcome in three years. Oil prices dropped in reaction to reports that OPEC+ is preparing for a period of depressed prices, concluding the worst month since November 2021.

US GDP ebbed by an annualised 0.3% in Q1, broadly in line with market expectations of a 0.2% decline. The largely flat outcome for the quarter came as strong growth in private business investment, inventories, and consumption was offset by negative contribution of government spending and net exports. The latter resulted from an annualised 41.3% surge in imports ahead of the tariffs. In separate monthly data, personal spending rose by a solid 0.7% in March, driven by durable goods (mostly vehicles), as customers pulled forward spending before tariffs became effective.

At the same time, the US PCE price index was flat in March, but there were upward revisions for the previous month, translating into faster inflation for the entire quarter, with annualised growth of 3.6% in Q1 compared to 2.4% in Q4.

US ADP employment rose by just 62k in April, but this release is often a poor guide to the official jobs report.

Meanwhile, the Chinese NBS PMI dropped 1.2pts to 50.2 (above 50 = expansion), with the details of the report pointing to renewed contraction in manufacturing (-1.5pts to 49.0), near-stagnant conditions in services (-0.2pts to 50.1), and slower expansion in construction (-1.5pts to 51.9). A separate Caixin manufacturing PMI report, focusing more on smaller private sector companies, suggested that manufacturing continued to expand, albeit at a slower pace (-0.8pts to 50.4).

In Australia, the headline CPI rose by 0.9% in Q1 2025, while the annual rate of headline CPI inflation was unchanged at 2.4%. Annual trimmed mean CPI inflation, which is the RBA's favourite underlying inflation gauge, declined to 2.9% in Q1, thus coming back to the RBA target range.

While these numbers were slightly above the market consensus, they should convince the RBA to deliver another 25bps cash rate cut at its May meeting. Such a move is fully priced in by cash rate futures, but probability of a 50bps adjustment has declined. Commonwealth bond yields picked up as a result, while the Australian dollar appreciated. The ASX 200 closed 1.3% up yesterday, before opening flat this morning.

From other Aussie data, private sector credit growth remained at 0.5% MoM and 6.5% YoY in March. The CoreLogic home value index rose by 0.2% to a new record high in April. Perth prices saw a 0.4% gain in April, to be up 10.0% YoY.

Economic Data Review

- **AU:** CPI (QoQ, Q1) – Actual 0.9%, Expected 0.8%, Previous 0.2%.
- **AU:** CoreLogic Home Value Index (MoM, Apr) – Actual 0.2%, Previous 0.4%.
- **CH:** NBS Composite PMI (Apr) – Actual 50.2, Previous 51.4.
- **US:** GDP (QoQ annualised, Q1, adv.) – Actual -0.3%, Expected -0.2%, Previous 2.4%.
- **US:** Personal Spending (MoM, Mar) – Actual 0.7%, Expected 0.6%, Previous 0.5% (revised).
- **US:** PCE Price Index (MoM, Mar) – Actual 0.0%, Expected 0.0%, Previous 0.4% (revised).
- **US:** ADP Employment (monthly change, Apr) – Actual 62k, Expected 115k, Previous 147k (revised).

Economic Data Preview

- **AU:** Goods Trade Balance (Mar) – Expected 3,200k, Previous A\$2,968m.
- **US:** ISM Manufacturing PMI (Apr) – Expected 48.0, Previous 49.0.