

Interest Rates			FX			Commodities		
Australia		Δ bp	AUD/USD	0.7204	-0.4%	WTI Crude Oil	97.14	\$0.97
90-day Bill	4.44	0	AUD/JPY	113.00	-0.2%	Brent Crude Oil	102.86	\$0.66
3-year Bond	4.65	5	AUD/EUR	0.6141	-0.3%	Mogas95*	121.66	-\$1.71
10-year Bond	4.97	6	AUD/GBP	0.5315	-0.2%	CRB Index	387.72	-0.28
			AUD/NZD	1.2136	-0.2%	Gold	4697.58	\$5.49
			AUD/CNY	4.9193	-0.2%	Silver	78.89	\$1.69
US			EUR/USD	1.1729	-0.2%	Iron Ore (61% Fe)**	110.20	-\$0.15
2-year	3.91	5	USD/JPY	156.86	0.3%	Iron Ore (25-26 Average)	103.69	\$0.03
10-year	4.39	4	USD/CNY	6.8041	-0.1%	Copper	13393.00	\$1.00
			RBA Policy			Equities		
			O/N Cash Rate Target	4.35		ASX200	8774	-105
			Interbank O/N Cash Rate	4.35		Dow Jones	49597	-314
Other 10-year			Probability of a 25bps Hike in Jun	17.1%		S&P500	7337	-28
Japan	2.48	-2	RBA Bond Holdings (30 Apr)	A\$230.3b		Stoxx600	616	-7
Germany	3.00	0				CSI300	4901	23
UK	4.95	1						

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

**Iron ore is the second SGX futures contract.

Global stocks retreated overnight, as equity investors turned sceptical about the prospect of the imminent end of the US-Iran war. The US has suggested that its military might resume the operation to guide vessels through the Strait of Hormuz, which could suggest that they expect reaching a peace agreement may take time, and there were more alleged exchanges of fire from both sides overnight.

Concerns over prolonging US-Iran conflict sent oil prices and government bond yields slightly higher this morning. However, Brent futures briefly fell below US\$100 a barrel last night on hopes for a bit more transit across the Strait of Hormuz.

The AUD was hit by the deterioration in global market sentiment, while Commonwealth bond yields rose in line with their US equivalents. The ASX 200 opened lower this morning, after surging by 1.0% on US-Iran peace hopes yesterday.

Data-wise, US initial jobless claims picked up to a still-moderate 200k last week, while continued claims reached the lowest level since early 2024. However, the latter might not necessarily mean improvement in labour market conditions, but rather reflect people losing access to support after staying unemployed for too long.

At home, the Australian [goods trade balance](#) unexpectedly tipped into a deficit in March, the first since late 2017. The deterioration in the trade balance was caused by both a decline in imports (mainly of rural goods and non-monetary gold) and a surge in imports (not just of petrol, but also ADP equipment). The supplementary data provided by the ABS pointed to a rise in iron ore export volumes in March.

The Western Australian government released its [2026-27 budget](#) yesterday, which confirmed the strong fiscal position of the State. The net operating surplus in 2025-26 is estimated at a strong A\$3.5b (0.7% of GSP), roughly the same as the A\$3.7b (0.8% of GSP) reported for the previous financial year, and surpluses are expected to continue in 2026-27 (+A\$2.4b; 0.5% of GSP) and in the outyears to 2029-30.

Public sector net debt is expected to be at 7.1% of GSP at the end of this financial year, rise to 8.2% of GSP on 30 June 2027, and not exceed 10% of GSP during the following three outyears, which is well below the levels recorded for other Australian states.

The above forecasts were based on an assumption of GSP growth slowing to 2.25% in 2026-27 from the estimated 3.25% in the current financial year, Perth CPI inflation (excluding electricity) peaking at 5.5% at the end of 2025-26 (before declining to 3.75% in 2026-27, 2.75% in 2027-28 and 2.50% thereafter), and the unemployment rate climbing steadily towards 4.5% in 2029-30 from the estimated 4.0% in the current financial year.

Economic Data Review

- **AU:** Goods Trade Balance (Mar) – Actual -A\$1.8b, Expected A\$4.4b, Previous A\$5.0b (revised).
- **US:** Initial Jobless Claims (w/e 2 May) – Actual 200k, Expected 205k, Previous 190k (revised).

Economic Data Preview

- **US:** Non-farm Payrolls (monthly change, Apr) – Expected 65k, Previous 178k.
- **US:** Unemployment Rate (Apr) – Expected 4.3%, Previous 4.3%.
- **US:** University of Michigan Consumer Sentiment (May, prel.) – Expected 49.5, Previous 49.8.
- **US:** New York Fed One-year Inflation Expectations (Apr) – Expected 3.5%, Previous 3.4%.