

Interest Rates			FX			Commodities		
Australia		Δ bp	AUD/USD	0.6887	0.0%	WTI Crude Oil	70.21	\$0.37
90-day Bill	4.46	0	AUD/JPY	111.51	0.1%	Brent Crude Oil	73.15	\$0.83
3-year Bond	4.37	-1	AUD/EUR	0.6030	-0.3%	Mogas95*	98.85	\$3.00
10-year Bond	4.73	-1	AUD/GBP	0.5195	-0.4%	CRB Index	351.31	-0.92
			AUD/NZD	1.2183	-0.3%	Gold	4015.25	-\$51.59
			AUD/CNY	4.6831	-0.1%	Silver	58.50	\$0.00
US			EUR/USD	1.1422	0.3%	Iron Ore (61% Fe)**	98.95	-\$0.10
2-year	4.10	0	USD/JPY	161.92	0.1%	Iron Ore (25-26 Average)	103.65	-\$0.02
10-year	4.37	0	USD/CNY	6.7964	-0.1%	Copper	13278.50	-\$79.00
			RBA Policy			Equities		
Other 10-year			O/N Cash Rate Target	4.35		ASX200	8823	38
Japan	2.64	-1	Interbank O/N Cash Rate	4.35		Dow Jones	52183	307
Germany	2.86	1	Probability of a 25bps Hike in Aug	21.7%		S&P500	7440	86
UK	4.72	-1	RBA Bond Holdings (29 May)	A\$229.8b		Stoxx600	636	0
						CSI300	4927	59

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

**Iron ore is the second SGX futures contract.

US stocks bounced back last night, supported by a de-escalation of tensions in the Middle East. However, this followed declines in Europe in reaction to US President Donald Trump's new tariff threats. Sentiment in the Asia-Pacific region was mixed yesterday, with gains in Japan and China, and losses in India and South Korea.

Having traded fire over the weekend, the US and Iran announced that they will cease attacks to continue talks on a final deal. However, some conflicting statements have emerged since, with President Trump saying that negotiations are scheduled for tomorrow in Qatar, but Iran saying that there are no such plans. Oil prices picked up a little in reaction to the tensions over the weekend, but remain very close to pre-war levels.

The Australian dollar is little changed against the weaker greenback, while appreciating against the Japanese yen and weakening versus the other major currencies. Commonwealth bond yields have declined slightly since yesterday morning. The ASX 200 closed 0.7% higher yesterday, with gains in all sectors except for industrials, real estate and utilities. The Aussie share market opened flat this morning.

In central bank news, the US Supreme Court has ruled that President Trump has no authority to dismiss Fed Governor Lisa Cook, at least under the current legislation. This comes nine months after Donald Trump made such an attempt, though Governor Cook remained on the Fed's Board after a federal district court issued an injunction. The Fed Act states that the President may remove a Fed governor only 'for cause'.

At home, RBA Assistant Governor Christopher Kent spoke yesterday, presenting the new framework for additional monetary policy tools to be used in case interest rates need to be cut to very low levels. The bottom line is that the central bank's experience is that government bond purchases are most effective in the case of financial system shocks, rather than in addressing economic shocks, given the bank-based lending linked to shorter-term rates and balance sheet risks for the RBA.

When asked about the possibility of active sales of the government bonds currently held by the RBA during the Q&A session, Assistant Governor Kent virtually ruled out such an option in the current cycle.

ANZ Roy Morgan consumer confidence rose by 4.3% last week to reach 75.9, which is the highest level since early March, but still low by historical standards. Consumer inflation expectations declined by another 0.2ppts to a four-month low of 5.6%.

Economic Data Review

- **AU:** ANZ Roy Morgan Consumer Confidence (w/e 27 Jun) – Actual 75.9, Previous 72.8.

Economic Data Preview

- **AU:** RBA Monetary Policy Board Minutes.
- **AU:** Private Sector Credit (MoM, May) – Expected 0.6%, Previous 0.7%.
- **CH:** NBS Composite PMI (Jun) – Previous 50.5.
- **US:** Case-Shiller House Price Index 20 Cities (MoM, Apr) – Expected -0.1%, Previous -0.2%.
- **US:** JOLTS Job Openings (May) – Expected 7.3m, Previous 7.6m.
- **US:** Conference Board Consumer Confidence (Jun) – Expected 94.4, Previous 93.1.