

Interest Rates			FX			Commodities		
<b>Australia</b>		<b>Δ bp</b>	AUD/USD	0.6899	0.1%	WTI Crude Oil	71.64	\$1.55
90-day Bill	4.46	-1	AUD/JPY	111.63	0.1%	Brent Crude Oil	75.01	\$1.65
3-year Bond	4.37	0	AUD/EUR	0.6069	-0.1%	Mogas95*	99.41	\$3.83
10-year Bond	4.73	1	AUD/GBP	0.5229	-0.2%	CRB Index	356.05	6.04
			AUD/NZD	1.2222	0.0%	Gold	4021.42	\$27.32
			AUD/CNY	4.7002	0.2%	Silver	57.73	\$0.29
<b>US</b>			EUR/USD	1.1366	0.1%	Iron Ore (61% Fe)**	97.50	-\$1.00
2-year	4.12	-3	USD/JPY	161.81	0.0%	Iron Ore (25-26 Average)	103.68	-\$0.03
10-year	4.40	-1	USD/CNY	6.7975	-0.2%	Copper	13270.00	\$183.50
			RBA Policy			Equities		
<b>Other 10-year</b>			O/N Cash Rate Target	4.35		ASX200	8751	-33
Japan	2.64	-2	Interbank O/N Cash Rate	4.35		Dow Jones	51921	72
Germany	2.86	-1	Probability of a 25bps Hike in Aug	18.6%		S&P500	7357	-1
UK	4.70	1	RBA Bond Holdings (29 May)	A\$229.8b		Stoxx600	640	5
						CSI300	5020	77

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

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

Positive earnings results from a major US semiconductor manufacturer looked set to revive investors in the early stages of the US session, but sentiment waned very quickly, leaving the S&P 500 flat and the tech-heavy Nasdaq lower. However, results were mixed across sectors, with industrials again seeing the strongest gains, helping lift the Dow Jones higher. US Treasury yields declined slightly, as PCE inflation figures came roughly in line with market expectations.

Oil prices ticked up by around 2%, following an almost uninterrupted downturn over the previous fortnight, with one of the catalysts being a reported attack on a cargo ship crossing the Strait of Hormuz, after which traffic through the Strait was halted. Despite the uptick, oil prices are close to the levels seen just before the war in the Middle East started.

The Australian dollar appreciated against the weaker greenback and Japanese yen, but weakened versus the remainder of the major currencies. Commonwealth bond yields are little changed since yesterday morning. The ASX 200 lost 0.7% yesterday, before opening in the black today.

The US PCE price index rose by 0.4% in May, taking annual inflation to a three-year high of 4.1%, as expected. Annual core PCE inflation ticked up by 0.1ppts to 3.4%, the highest since late 2023. The report pointed to the resilience of the US consumer, with personal spending rising by 0.7% in nominal terms and 0.3% in real terms. This resilience comes at the cost of savings, with the savings rate remaining at 3.0%, which is the equal lowest level since 2022.

From other US data, Q1 annualised GDP growth was revised up by 0.5ppts to 2.1%, reflecting a downward revision to imports. Durable goods orders fell by 4.5% in May, but non-defence capital goods orders excluding aircraft rose 1.3%.

At home, seasonally adjusted [employment](#) rose by 40.3k in May, significantly more than expected, but this followed a revised decline of 40.7k in April (originally: -18.6k) and was heavily concentrated in part-time jobs. The unemployment rate ebbed to 4.4%, as expected, while the participation rate picked up to 66.7%.

Aussie job vacancies declined by 2.1% over the three months to May and over the year. However, job vacancies remain over 40% above pre-COVID levels. There are also only two unemployed people per job vacancy, which is a very low level by historical standards, suggesting that labour market conditions remain tight.

[Household spending](#) rose by 1.3% in May, twice more than pencilled in by the market consensus, reversing a 1.1% decline from April. The rise was driven by discretionary spending, particularly on travel and hospitality, which followed flight cancellations in previous months.

### Economic Data Review

- **AU:** Employment (monthly change, May) – Actual 40.3k, Expected 32.5k, Previous -40.7k (revised).
- **AU:** Unemployment Rate (May) – Actual 4.4%, Expected 4.4%, Previous 4.5%.
- **AU:** Household Spending (MoM, May) – Actual 1.3%, Expected 0.5%, Previous -1.1%.
- **AU:** Job Vacancies (QoQ, Q2) – Actual -2.1%, Previous 2.4%.
- **US:** PCE Price Index (May) – Actual 0.4%, Expected 0.5%, Previous 0.4%.
- **US:** Durable Goods Orders (MoM, May) – Actual -4.5%, Expected -5.0%, Previous 8.5% (revised).
- **US:** GDP (QoQ annualised, Q1, final) – Actual 2.1%, Expected 1.6%, Previous 1.6%.

### Economic Data Preview

No market-moving data.