

Interest Rates			FX			Commodities		
<b>Australia</b>		$\Delta$ bp	AUD/USD	0.7145	0.0%	WTI Crude Oil	98.12	-\$1.41
90-day Bill	4.43	-1	AUD/JPY	113.67	0.1%	Brent Crude Oil	104.91	-\$1.20
3-year Bond	4.56	-9	AUD/EUR	0.6151	0.1%	Mogas95*	124.31	-\$4.77
10-year Bond	4.94	-8	AUD/GBP	0.5322	0.0%	CRB Index	392.37	-4.58
			AUD/NZD	1.2167	-0.2%	Gold	4540.12	-\$2.03
			AUD/CNY	4.8610	-0.1%	Silver	76.60	\$0.81
<b>US</b>			EUR/USD	1.1613	-0.1%	Iron Ore (61% Fe)**	105.85	-\$0.65
2-year	4.09	2	USD/JPY	159.09	0.1%	Iron Ore (25-26 Average)	103.91	\$0.00
10-year	4.58	-1	USD/CNY	6.8014	0.0%	Copper	13515.50	-\$140.00
			RBA Policy			Equities		
			O/N Cash Rate Target	4.35		ASX200	8660	23
			Interbank O/N Cash Rate	4.35		Dow Jones	50286	276
<b>Other 10-year</b>			Probability of a 25bps Hike in Jun	4.3%		S&P500	7446	13
Japan	2.77	0	RBA Bond Holdings (30 Apr)	A\$230.3b		Stoxx600	621	0
Germany	3.10	0				CSI300	4783	-68
UK	4.97	-2						

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

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

Following a weak start, the US share market ended the trading day in black, supported by hopes for resolution to the war in the Middle East. These hopes were fuelled further by comments from the US Secretary of State Marco Rubio, who said that there were 'some good signs' in the US-Iran peace talks. Oil prices fell further, to be the lowest in around two weeks, while long-term US Treasury yields declined.

The gains on Wall Street followed mixed results in Europe and the Asia-Pacific region. The ASX 200 surged by 1.5% yesterday, additionally supported by a decline in cash rate hike expectations after the disappointing labour force survey for April, before opening even higher this morning.

A cash rate hike is no longer fully priced in for this year, compared to the additional rate hike expected before the publication of the April labour force survey results. The decline in cash rate expectations dragged Commonwealth bond yields sharply lower across the yield curve. The Australian dollar is little changed since yesterday morning, with the impact of lower cash rate expectations offset by positive global market sentiment.

Seasonally adjusted **employment** fell by 18.6k in April, which was a big surprise to market participants, who expected a 15.0k gain. The seasonally adjusted unemployment rate rose by 0.2ppts to 4.5%, which is the highest level since November 2021. The labour force survey was carried out during the Easter period and using a new methodology for the first time, which could have impacted results.

Melbourne Institute inflation expectations fell by 0.3ppts to 5.6% in May, but was above the long-run average of 4.4%. Offshore, the US S&P Global composite PMI was unchanged at 51.7 in May (above 50 = expansion), with slower growth in services (-0.1pts to 50.9) and acceleration in manufacturing (+0.8pts to 55.3; the highest in over four years). The report also suggested the longest delivery times and the strongest gain in input costs and prices paid since 2022. Employment saw the strongest decline in nearly two years, with job shedding in services being the largest since 2020.

Elsewhere, the S&P Global PMIs pointed to further activity declines in the euro area and the UK economy being plunged into contraction, while Japan's expansion held up. However, manufacturing growth continued in all three economies.

The data released this morning showed that the annual rate of Japanese inflation ebbed by 0.1ppts to 1.4% in April, with the so-called 'core-core' inflation (excluding fresh food and energy) dropping by 0.5ppts to 1.9%. Japanese inflation continues to be held down by a high base from 2025 caused by yen depreciation and elevated food price growth.

### Economic Data Review

- **AU:** Employment (monthly change, Apr) – Actual -18.6k, Expected 15.0k, Previous 23.3k (revised).
- **AU:** Unemployment Rate (Apr) – Actual 4.3%, Expected 4.3%, Previous 4.3%.
- **AU:** Melbourne Institute Inflation Expectations (May) – Actual 5.6%, Previous 5.9%.
- **JP:** S&P Global Composite PMI (May) – Actual 51.1, Previous 52.2.
- **JP:** CPI (YoY, Apr) – Actual 1.4%, Expected 1.6%, Previous 1.5%.
- **EZ:** S&P Global Composite PMI (May) – Actual 47.5, Expected 48.8, Previous 48.8.
- **US:** S&P Global Composite PMI (May) – Actual 51.7, Expected 51.8, Previous 51.7.

### Economic Data Preview

No market-moving data.