

Interest Rates			FX			Commodities		
Australia		Δ bp	AUD/USD	0.7254	0.2%	WTI Crude Oil	101.09	-\$0.49
90-day Bill	4.44	-1	AUD/JPY	114.49	0.3%	Brent Crude Oil	105.71	-\$1.41
3-year Bond	4.69	-7	AUD/EUR	0.6192	0.4%	Mogas95*	130.75	-\$0.85
10-year Bond	5.03	-5	AUD/GBP	0.5362	0.3%	CRB Index	404.39	-0.46
			AUD/NZD	1.2227	0.6%	Gold	4700.73	-\$18.94
			AUD/CNY	4.9283	0.2%	Silver	87.50	\$0.11
US			EUR/USD	1.1716	-0.2%	Iron Ore (61% Fe)**	110.70	\$0.55
2-year	3.97	-2	USD/JPY	157.82	0.1%	Iron Ore (25-26 Average)	103.82	\$0.03
10-year	4.46	0	USD/CNY	6.7906	-0.1%	Copper	14153.00	\$132.00
			RBA Policy			Equities		
Other 10-year			O/N Cash Rate Target	4.35		ASX200	8624	12
Japan	2.61	3	Interbank O/N Cash Rate	4.35		Dow Jones	49693	-67
Germany	3.10	0	Probability of a 25bps Hike in Jun	21.4%		S&P500	7444	43
UK	5.07	-4	RBA Bond Holdings (30 Apr)	A\$230.3b		Stoxx600	611	5
						CSI300	4998	50

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

**Iron ore is the second SGX futures contract.

The S&P 500 and Nasdaq bounced to fresh record highs overnight, as investors' attention turned back to artificial intelligence and away from the US-Iran war. There are also hopes that the US-China summit, which starts later today, could bring about some form of a breakthrough in the war in the Middle East, while also improving trade relations, particularly with respect to critical minerals.

The improvement in global market sentiment drove the Australian dollar higher, taking the AUD/USD to a fresh high. Commonwealth bond yields declined more than their US equivalents. The ASX 200 fell by 0.5% yesterday, though solely due to a 4.0% plunge in financials on concerns over the impact of changes to capital gains tax and negative gearing rules on investor demand. The Aussie share market opened lower again this morning.

In commodity markets, oil prices fell, but both Brent and WTI futures remain above US\$100 at the time of writing. Iron ore and copper futures rose overnight, with the latter reaching fresh record highs.

US PPI surged by 1.4% in April, the most since March 2022 and nearly three times more than expected by the market. Similarly to CPI, over half of the increase came from services, though energy was also a solid contributor. The annual rate of producer price inflation increased to 6.0%, which is the highest since December 2022. Annual core producer price inflation, which excludes food, energy and trade, rose to a three-year high of 4.4%.

Speaking after the PPI report, Boston Fed President Susan Collins advocated for a fed funds rate hike in coming months if inflation pressures continue to broaden. From other Fed news, the US Senate confirmed Kevin Warsh as the next Fed Chair, with hopes that this means a lower likelihood of monetary policy tightening ahead. US Treasury yields are little changed since yesterday morning, with hardly any fed funds rate hikes priced in for this year.

At home, the [wage price index](#) rose by 0.8% in Q1, which was in line with market expectations and the same as in the previous quarter. The annual rate of wages growth slowed to 3.3%, which was the lowest since Q4 2024. Public sector wages rose more than private sector wages for the fifth straight quarter, but the gap has almost completely closed.

The value of new home loans saw a broad-based fall of 3.8% in Q1, with owner-occupier loans registering a stronger decline (-4.3%; -6.7% for first home buyers), while investor loans retreated by 3.0%. Declines in the number of home loans were even stronger, with owner-occupier loans down by 6.9% and investor loans down by 5.3%.

Average loan sizes declined in New South Wales and Victoria in Q1, but were up in other states, with Western Australia seeing the largest increases on the mainland, to fresh record highs (703k for owner occupiers and 654k for investors).

Economic Data Review

- **AU:** Wage Price Index (QoQ, Q1) – Actual 0.8%, Expected 0.8%, Previous 0.8%.
- **AU:** New Home Loans (QoQ, Q1) – Actual -3.8%, Expected 0.0%, Previous 8.9% (revised).
- **US:** PPI (MoM, Apr) – Actual 1.4%, Expected 0.5%, Previous 0.7% (revised).

Economic Data Preview

- **AU:** Melbourne Institute Inflation Expectations (May) – Previous 5.9%.
- **UK:** GDP (QoQ, Q1) – Expected 0.6%, Previous 0.1%.
- **US:** Retail Sales (MoM, Apr) – Expected 0.5%, Previous 1.7%.
- **US:** Initial Jobless Claims (w/e 9 May) – Expected 205k, Previous 200k.