

Interest Rates			FX			Commodities		
Australia		Δ bp	AUD/USD	0.7236	0.0%	WTI Crude Oil	101.58	\$3.12
90-day Bill	4.45	1	AUD/JPY	114.11	0.2%	Brent Crude Oil	107.12	\$2.40
3-year Bond	4.76	6	AUD/EUR	0.6165	0.3%	Mogas95*	131.60	\$5.32
10-year Bond	5.08	7	AUD/GBP	0.5347	0.5%	CRB Index	404.85	15.41
			AUD/NZD	1.2153	0.1%	Gold	4719.67	-\$41.25
			AUD/CNY	4.9179	-0.2%	Silver	87.40	\$0.86
US			EUR/USD	1.1735	-0.3%	Iron Ore (61% Fe)**	110.15	-\$0.95
2-year	3.99	4	USD/JPY	157.70	0.3%	Iron Ore (25-26 Average)	103.79	\$0.03
10-year	4.47	5	USD/CNY	6.7969	0.0%	Copper	14021.00	\$78.00
			RBA Policy			Equities		
Other 10-year			O/N Cash Rate Target	4.35		ASX200	8612	-48
Japan	2.58	4	Interbank O/N Cash Rate	4.35		Dow Jones	49761	56
Germany	3.10	6	Probability of a 25bps Hike in Jun	21.4%		S&P500	7401	-12
UK	5.10	10	RBA Bond Holdings (30 Apr)	A\$230.3b		Stoxx600	607	-6
						CSI300	4948	-4

*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 and Nasdaq eased from record highs last night, while government bond yields rose further, as US CPI inflation surprised to the upside. Oil prices resumed climbing, as US President Donald Trump said that Iran would be 'decimated' if the peace deal between the parties was not made.

The rise in fossil fuel prices supported the Australian dollar, which appreciated against all the major currencies except for the stronger greenback. Commonwealth bond yields rose more than their US equivalents. The ASX 200 opened lower this morning, after falling by 0.4% yesterday, with declines in all sectors except for materials and utilities.

The US CPI rose by 0.6% in April, in line with the market consensus and less than the previous month (0.9%), but the increase was more broad-based, with services contributing even more than energy. As a result, the core CPI excluding food and energy rose by 0.4% against the 0.3% expected and 0.2% registered for March. As to annual rates, headline consumer price inflation rose to 3.8%, unseen since May 2023, while the core rate rose to an eight-month high of 2.8%.

Speaking after the CPI figures, Chicago Fed President Austan Goolsbee said that they suggest an 'overheating' of the US economy and called for the Fed to consider 'breaking the chain of escalating inflation'.

At home, NAB business conditions saw a broad-based decline to 3 points in April, which is the second lowest level since 2020 (the lowest point since 2020 was in May last year). Business confidence picked up, but remained very bleak, at -24 points. The NAB business report also pointed to the strongest rise in purchase costs in nearly four years, which was partially passed on to consumers, with prices rising the most since August 2023.

Federal Treasurer Jim Chalmers submitted the 2026-27 Budget yesterday, showing a better fiscal position compared to the 2025-26 MYEFO. The underlying cash deficit is expected to be broadly steady at 1.0% of GDP in 2026-27, the same as the estimate for 2025-26, and until 2028-29, before narrowing in 2029-30 and flipping into surplus in the mid-2030s.

General government gross debt is forecast to climb to 34.0% of GDP in 2026-27 from the estimated 33.1% of GDP this financial year, and to rise further to a peak of 35.8% of GDP in 2028-29. Net debt is forecast to reach 19.9% of GDP next financial year (up from 18.8% of GDP in 2025-26), and 21.9% of GDP in 2029-30.

These forecasts are based on an assumption of real GDP growth slowing temporarily to 1.75% in 2026-27 from the estimated 2.25% in the current financial year, before re-accelerating back to the pre-war pace.

Inflation is forecast to peak at 5.0% in 2025-26, from 2.1% in 2024-25, but then to return to the mid-point of the RBA's 2-3% target range, with the Middle East conflict estimated to have added around 1ppt to price growth. The unemployment rate is expected to rise to 4.5% in 2026-27, from 4.25% in 2025-26, and to remain at this level thereafter.

Economic Data Review

- **AU:** NAB Business Conditions (Apr) – Actual 3, Previous 6.
- **AU:** NAB Business Confidence (Apr) – Actual -24, Previous -29.
- **US:** CPI (MoM, Apr) – Actual 0.6%, Expected 0.6%, Previous 0.9%.

Economic Data Preview

- **AU:** Wage Price Index (QoQ, Q1) – Expected 0.8%, Previous 0.8%.
- **AU:** New Home Loans (QoQ, Q1) – Expected 0.0%, Previous 9.5%.
- **US:** PPI (MoM, Apr) – Expected 0.5%, Previous 0.5%.