

Interest Rates (%)			FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.6522	-0.5%	WTI Crude Oil	66.87	\$0.11
	90-day Bill	3.72	AUD/JPY	97.08	0.3%	Brent Crude Oil	68.96	-\$0.07
	3-year Bond	3.54	AUD/EUR	0.5619	0.1%	Mogas95*	78.47	\$0.05
	10-year Bond	4.43	AUD/GBP	0.4871	-0.1%	CRB Index	302.70	-0.69
US			AUD/NZD	1.0948	-0.1%	Gold	3331.23	-\$16.71
	2-year	3.95	AUD/CNY	4.6809	-0.3%	Silver	37.78	-\$0.49
	10-year	4.49	EUR/USD	1.1607	-0.6%	Iron Ore (62% Fe)**	98.65	-\$0.75
			USD/JPY	148.85	0.8%	Iron Ore (25-26 Average)	96.93	\$0.12
Other 10-year			USD/CNY	7.1825	0.1%	Copper	9645.50	\$26.50
			RBA Policy			Equities		
			O/N Cash Rate Target	3.85		ASX200	8550	-67
			Interbank O/N Cash Rate	3.84		Dow Jones	44023	-436
Japan	1.59	1	Probability of a 25bps Cut in Aug	91.4%		S&P500	6244	-25
Germany	2.71	-2	RBA Bond Holdings (30 Jun)	A\$276.4b		Stoxx600	545	-2
UK	4.63	3				CSI300	4019	1

*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 started the Tuesday session on a positive note, supported by another downside surprise in US core CPI, but ended the trading day lower as market participants analysed the report details more closely. US Treasury yields rose across the curve, as fed funds rate expectations were scaled back further, with only 43bps of cuts priced in for 2025 at the time of writing.

The Australian dollar depreciated against the stronger greenback and British pound, but gained versus the Japanese yen and the euro. Commonwealth bond yields rose slightly more than their US equivalents. The ASX 200 rose by 0.7% yesterday, with gains in all sectors except materials, but opened lower this morning.

US CPI rose by 0.3% in June, in line with expectations, while core CPI increased by 0.2%, below the market consensus of a 0.3% gain. The annual rates of inflation increased to 2.7% (headline) and 2.9% (core). Report details pointed to a faster increase in services prices and a renewed rise in goods prices. Among goods, there were significant increases in the prices of household furnishings, apparel and recreation commodities, which could suggest that some businesses are passing on higher costs due to tariffs.

Across the Pacific, Chinese GDP rose by 1.1% in Q2, to be up by 5.2% through the year. Both quarterly and annual growth rates, while somewhat smaller than in the previous quarter, exceeded market expectations of 0.9% and 5.2%, respectively. GDP also rose by 5.3% YoY YtD, meaning that it is still above the 'around 5%' growth target for 2025.

Annual growth in Chinese industrial production unexpectedly accelerated to 6.8% YoY in June, up from 5.8% YoY in the previous month. At the same time, retail sales growth slowed to just 4.8% YoY after a spike to 5.4% YoY in May, while growth in urban fixed asset investment slowed to just 2.8% YoY YtD. The plunge in property investment deepened to 11.2% YoY YtD and residential property sales fell by 5.2% YoY YtD.

In Australia, the Westpac Melbourne Institute consumer sentiment rose by another 0.6% in July, despite no rate cut from the RBA. Quite surprisingly, owners with a mortgage were one of the groups that saw a gain in confidence (the other group was households that own their property outright).

However, the RBA's decision to keep rates on hold translated into slightly lower house price expectations (-2.2%) and the 'time to buy a dwelling' index (-5.1%), neither of which is included in the headline consumer sentiment index. The unemployment expectations index picked up (+1.1%), indicating slightly more concern over labour market conditions, but remained almost precisely at the long-term average.

Economic Data Review

- **AU:** Westpac Melbourne Institute Consumer Sentiment (Jun) – Actual 0.6%, Previous 0.5%.
- **CH:** GDP (YoY, Q2) – Actual 5.2%, Expected 5.1%, Previous 5.4%.
- **CH:** Retail Sales (YoY, Jun) – Actual 4.8%, Expected 5.3%, Previous 6.4%.
- **CH:** Industrial Production (YoY, Jun) – Actual 6.8%, Expected 5.6%, Previous 5.8%.
- **US:** CPI (MoM, Jun) – Actual 0.3%, Expected 0.3%, Previous 0.1%.

Economic Data Preview

- **US:** Industrial Production (MoM, Jun) – Expected 0.1%, Previous -0.2%.
- **US:** PPI (MoM, Jun) – Expected 0.2%, Previous 0.1%.