

Interest Rates (%)				FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.6461	-0.5%	WTI Crude Oil	63.27	\$0.29	
	90-day Bill	3.71	0	AUD/JPY	92.99	0.4%	Brent Crude Oil	65.52	\$0.46
	3-year Bond	3.29	-5	AUD/EUR	0.5677	0.1%	Mogas95*	76.60	\$0.80
	10-year Bond	4.24	-3	AUD/GBP	0.4776	-0.3%	CRB Index	296.81	1.88
			AUD/NZD	1.0767	0.3%	Gold	3356.10	-\$25.14	
			AUD/CNY	4.6498	-0.4%	Silver	34.60	-\$0.06	
US			EUR/USD	1.1381	-0.6%	Iron Ore (62% Fe)**	95.25	\$0.55	
	2-year	3.94	1	USD/JPY	143.92	0.9%	Iron Ore (24-25 Average)	101.25	-\$0.03
	10-year	4.44	1	USD/CNY	7.1883	-0.1%	Copper	9634.00	\$17.50
			RBA Policy			Equities			
Other 10-year			O/N Cash Rate Target		3.85	ASX200	8509	41	
			Interbank O/N Cash Rate		3.84	Dow Jones	42520	214	
	Japan	1.50	-2	Probability of a 25bps Cut in Jul		83.6%	S&P500	5970	34
	Germany	2.53	0	RBA Bond Holdings (30 May)		A\$276.4b	Stoxx600	548	1
	UK	4.64	-3				CSI300	3852	12

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

**Iron ore is the second SGX futures contract.

US stocks closed higher after a sluggish start overnight, supported by the upside surprise to JOLTS job openings. The US dollar bounced back from one of the lowest levels for 2025, while US Treasury yields picked up a little.

The Australian dollar is down versus the stronger greenback and British pound, but appreciated against the Japanese yen and euro. Commonwealth bond yields declined, especially for shorter maturities. The ASX 200 rose by 0.6% yesterday, with declines only in health care and consumer discretionary stocks.

US JOLTS job openings unexpectedly rose to 7,391k in April, from an upwardly revised level for the previous month, to be 226k higher than the officially unemployed. Layoffs picked up to 1,786k, which is still somewhat below the 2024 highs.

Across the Pacific, the Chinese Caixin PMI dropped 2.1pts to 48.3 (below 50 = contraction), indicating the fastest pace of decline since September 2022. The details of the report pointed to a decline in new orders, including export orders, employment, costs, and prices.

In Australia, current account deficit narrowed to A\$14.7b in Q1 from the revised A\$16.3b deficit in the previous quarter. The narrowing was due to improvement in the net primary balance driven by lower foreign investor profits, particularly in coal mining. At the same time, the trade surplus declined, as growth in imports outpaced the rise in exports. The ABS estimates that net exports will detract 0.1ppts from Q1 GDP growth, scheduled for a release later today.

The RBA Monetary Policy Board minutes brought no major surprises, confirming that a 50bps cash rate cut was discussed at the May meeting. However, the Board members opted for the smaller 25bps cut, citing heightened uncertainty, the limited impact of global trade tensions on the Australian economy, and a willingness to preserve monetary policy space should the situation deteriorate.

RBA Assistant Governor Sarah Hunter also spoke yesterday, with uncertainty and its impacts on the Australian economy taking centre stage. She cited RBA research, according to which uncertainty driven by foreign shocks – in this case, sharp increases in tariffs – affect Aussie business investment, employment growth and consumer confidence.

In other domestic news, the Fair Work Commission has awarded a 3.5% minimum wage hike, effective from 1 July. This is slightly less than the 3.75% hike last year, but more than the current level of consumer price inflation (2.4%).

OECD has cut its global GDP forecasts to 2.9% in both 2025 and 2026, to reflect the impacts of a decline in confidence due to US trade policy. However, Australian GDP growth still expected to accelerate from 1.4% in 2024 to 1.8% in 2025 and 2.2% in 2026. The forecasts assumed trade policies remaining unchanged from the mid-May settings.

Economic Data Review

- **AU:** Current Account Balance (Q1) – Actual -A\$14.7b, Expected -A\$12.5b, Previous -A\$16.3b (revised).
- **CH:** Caixin Manufacturing PMI (May) – Actual 48.3, Expected 50.9, Previous 50.4.
- **US:** JOLTS Job Openings (Apr) – Actual 7,391k, Expected 7,100k, Previous 7,200k (revised).

Economic Data Preview

- **AU:** GDP (QoQ, Q1) – Expected 0.4%, Previous 0.6%.
- **US:** ADP Employment (monthly change, May) – Expected 110k, Previous 62k.
- **US:** ISM Services PMI (May) – Expected 52.0, Previous 51.6.