

Interest Rates (%)			FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.6581	0.0%	WTI Crude Oil	65.52	\$0.56
	90-day Bill	3.59	AUD/JPY	94.49	0.0%	Brent Crude Oil	67.23	\$0.71
	3-year Bond	3.30	AUD/EUR	0.5576	0.0%	Mogas95*	77.64	\$1.42
	10-year Bond	4.14	AUD/GBP	0.4789	0.0%	CRB Index	296.05	-1.23
US			AUD/NZD	1.0787	-0.1%	Gold	3339.29	\$27.43
	2-year	3.77	AUD/CNY	4.7112	0.0%	Silver	36.09	-\$0.06
	10-year	4.24	EUR/USD	1.1801	0.1%	Iron Ore (62% Fe)**	93.65	-\$0.45
			USD/JPY	143.57	-0.1%	Iron Ore (25-26 Average)	93.40	-\$0.70
Other 10-year			USD/CNY	7.1658	0.0%	Copper	9934.00	\$65.00
	Japan	1.41	RBA Policy			Equities		
	Germany	2.57	O/N Cash Rate Target	3.85		ASX200	8576	4
	UK	4.45	Interbank O/N Cash Rate	3.84		Dow Jones	44495	400
			Probability of a 25bps Cut in Jul	97.0%		S&P500	6198	-7
			RBA Bond Holdings (30 Jun)	A\$276.4b		Stoxx600	540	-1
						CSI300	3943	7

*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 mixed, as the budget bill passed the US Senate, while President Donald Trump threatened Japan with higher tariffs. Losses were concentrated in information technology and communication sectors, while other sectors saw gains. Concerns over the US fiscal position sent the US dollar to yet another three-year low.

The Australian dollar is little changed since yesterday morning. Commonwealth bond yields picked up slightly at the front end of the curve. The ASX closed flat yesterday, with gains and losses almost equally split across sectors. The strongest gains were registered in utilities and real estate, while industrials saw the largest losses.

The US budget bill (officially 'One Big Beautiful Bill') narrowly passed the US Senate thanks to Vice President JD Vance casting the tie-breaking vote. The legislation now returns to the House of Representatives, where it needs to be approved in full or sent back to the Senate. President Trump has set 4 July as the deadline for signing the bill into law.

Speaking at a central bank forum in the Portuguese city of Sintra, Fed Chair Jerome Powell stated that the impacts of tariffs should be visible in the US inflation data later in the northern summer, but the scale and timing remain uncertain. However, he did not completely rule out a fed funds rate cut in July during the Q&A session, stressing that decisions are made 'meeting-by-meeting'. Nonetheless, investors focused on the hawkish side of Chair Powell's comments, which pushed US Treasury yields higher, particularly at the front end of the curve.

Data-wise, the US ISM manufacturing PMI rose by 0.5pts to 49.0 in June (below 50 = contraction), with details of the report pointing to further declines in new orders, including new export orders, and employment, while prices paid rose at a faster pace. On a positive note, the production subindex rose back into expansion, albeit marginally. Supplier deliveries slowed further, likely due in part to the ongoing impact of the tariff increases which continue to be cited as a factor impacting business activity.

From other US data, JOLTS job openings unexpectedly rose to 7.8m in May, while layoffs declined to 1.6m. There are still over 500k more job openings than the number of officially unemployed in the US.

Euro area HICP inflation ticked 0.1ppts up to 2.0% in June, which should not be a cause for ECB's concern. Core inflation, which excludes food and energy, remained at a three-year low of 2.3%.

The Chinese Caixin manufacturing PMI rose 2.1pts to 50.4 in June, marginally returning to expansion after one month of contraction. The report details pointed to an ongoing decline in new exports orders, despite a modest increase in new orders overall and ongoing falls in input costs and sales prices.

Economic Data Review

- **CH:** Caixin Manufacturing PMI (Jun) – Actual 50.4, Expected 49.3, Previous 48.3.
- **EZ:** HICP (YoY, Jun, flash) – Actual 2.0%, Expected 2.0%, Previous 1.9%.
- **US:** ISM Manufacturing PMI (Jun) – Actual 49.0, Expected 48.8, Previous 48.5.
- **US:** JOLTS Job Openings (May) – Actual 7.8m, Expected 7.3m, Previous 7.4m.

Economic Data Preview

- **AU:** Retail Trade (MoM, Jun) – Expected 0.5%, Previous -0.1%.
- **AU:** Dwelling Approvals (MoM, Jun) – Expected 4.0%, Previous -5.7%.
- **US:** ADP National Employment (monthly change, Jun) – Expected 98k, Previous 37k.