

Interest Rates			FX			Commodities		
Australia		Δ bp	AUD/USD	0.6887	-0.3%	WTI Crude Oil	67.85	-\$2.19
90-day Bill	4.46	-1	AUD/JPY	111.95	-0.4%	Brent Crude Oil	70.96	-\$2.43
3-year Bond	4.43	3	AUD/EUR	0.6054	0.0%	Mogas95*	92.56	-\$0.76
10-year Bond	4.80	4	AUD/GBP	0.5187	-0.5%	CRB Index	353.86	0.25
			AUD/NZD	1.2143	-0.3%	Gold	4044.23	\$41.54
			AUD/CNY	4.6827	-0.3%	Silver	59.26	\$0.85
US			EUR/USD	1.1376	-0.3%	Iron Ore (61% Fe)**	99.60	\$0.90
2-year	4.18	1	USD/JPY	162.55	-0.1%	Iron Ore (26-27 Average)	98.64	\$1.11
10-year	4.48	3	USD/CNY	6.7909	0.1%	Copper	13298.50	-\$76.50
			RBA Policy			Equities		
			O/N Cash Rate Target	4.35		ASX200	8683	-48
			Interbank O/N Cash Rate	4.35		Dow Jones	52305	-14
Other 10-year			Probability of a 25bps Hike in Aug	21.7%		S&P500	7483	-16
Japan	2.72	0	RBA Bond Holdings (29 May)	A\$229.8b		Stox600	639	-2
Germany	2.88	2				CSI300	4959	-20
UK	4.76	0						

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

**Iron ore is the second SGX futures contract.

Wall Street saw fresh declines, led by tech stocks, last night, while government bond yields picked up and the US dollar appreciated, despite US economic data surprising to the downside. This followed mixed results in stock markets across Europe and the Asia-Pacific region.

Comments by Fed Chair Kevin Warsh may have been one of the catalysts for the declines on Wall Street and higher yields. In his public appearance at the ECB forum in the Portuguese city of Sintra, Chair Warsh confirmed his preference for a smaller Fed balance sheet, which would imply more active bond sales, but acknowledged that any decision should be made collectively by the FOMC. More encouragingly, Kevin Warsh assessed that inflation risks have come down of late, but stressed that he would not provide any forward guidance on the Fed's interest rate policy.

The Australian dollar depreciated against all the major currencies except the Japanese yen, which remains at multidecade lows. Commonwealth bond yields rose slightly more than their US equivalents. The ASX 200 fell by 0.6% yesterday, with losses in most sectors led by consumer staples, before opening lower this morning.

In the US, data released last night showed that the ISM manufacturing PMI declined by 1.4pts to 53.3 in June (above 50 = expansion), pointing to ongoing solid growth in the industry. The report suggested somewhat slower, albeit still decent, growth in production and new orders, though export orders returned to contraction.

The ISM report also suggested that supply-chain disruptions intensified at a less acute rate than in the previous quarter, and that growth in cost pressures also slowed. However, survey responses continued to point to upward pressure from the Middle East war and ongoing confusion around tariff policies. Employment remained in contraction, where it has been since September 2023.

Meanwhile, US ADP employment rose by 98k in June, significantly less than the 120k consensus and the 122k recorded in the previous month. The ADP report is a poor indicator of the official figures scheduled for release tonight.

Across the Pacific, the Chinese RatingDog manufacturing PMI was little changed at 51.7 in June, indicating stronger expansion than implied by the NBS PMI, which is more inclined towards larger businesses. The details of the RatingDog report pointed to a marginal decline in new export orders and cost pressures, but also a faster rise in selling prices.

At home, [dwelling approvals](#) fell by 1.1% in May, against expectations of no change, following a revised decline of 0.2% in the previous month (originally: -3.4%). In contrast to April, the decline was driven by choppy unit approvals, while private sector house approvals picked up by 2.8%, after easing by 0.4% in the previous month.

Economic Data Review

- **AU:** Dwelling Approvals (MoM, May) – Actual -1.1%, Expected 0.0%, Previous -0.2% (revised).
- **CH:** RatingDog Manufacturing PMI (Jun) – Actual 51.7, Expected 52.0, Previous 51.8.
- **US:** ADP Employment (MoM, Jun) – Actual 98k, Expected 120k, Previous 122k.
- **US:** ISM Manufacturing PMI (Jun) – Actual 53.3, Expected 53.9, Previous 54.0.

Economic Data Preview

- **AU:** Goods Trade Balance (May) – Expected A\$2.2b, Previous A\$1.8b.
- **US:** Non-farm Payrolls (monthly change, Jun) – Expected 115k, Previous 172k.
- **US:** Unemployment Rate (Jun) – Expected 4.3%, Previous 4.3%.