

Interest Rates (%)			FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.6434	-0.6%	WTI Crude Oil	62.19	-\$1.41
	90-day Bill	3.80	AUD/JPY	94.06	-1.4%	Brent Crude Oil	65.17	-\$1.46
	3-year Bond	3.66	AUD/EUR	0.5747	-0.6%	Mogas95*	75.94	-\$1.75
	10-year Bond	4.56	AUD/GBP	0.4847	-0.4%	CRB Index	298.41	-2.12
US			AUD/NZD	1.0904	0.0%	Gold	3189.02	-\$64.88
	2-year	4.04	AUD/CNY	4.6332	-0.7%	Silver	32.25	-\$0.69
	10-year	4.53	EUR/USD	1.1192	0.0%	Iron Ore (62% Fe)**	101.20	\$0.65
			USD/JPY	146.21	-0.8%	Iron Ore (24-25 Average)	101.49	\$0.01
Other 10-year			USD/CNY	7.2084	0.1%	Copper	9606.50	\$86.00
			RBA Policy			Equities		
			O/N Cash Rate Target	4.10		ASX200	8274	5
			Interbank O/N Cash Rate	4.09		Dow Jones	42051	-89
Japan	1.48	3	Probability of a 25bps Cut in May	95.8%		S&P500	5893	6
Germany	2.70	2	RBA Bond Holdings (30 Apr)	A\$276.9b		Stoxx600	544	-1
UK	4.71	4				CSI300	3943	47

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

**Iron ore is the second SGX futures contract.

US equities were relatively flat overnight, with no data or tariff deal news to provide guidance. The S&P ticked up by just 0.1% due to gains in information technology, communication services, and consumer discretionary, while other sectors closed in the red. Boeing share prices rose to the highest in around a year, as Qatar agreed to buy 160 Boeing planes.

US Treasury yields rose further amid hawkish Fed speak, which saw pricing for the next fed funds rate cut shift towards October. Fed Vice Chair Philip Jefferson warned of 'at least a temporary' rise in inflation due to tariffs, even after the recent winding back of US-China tariffs. San Francisco Fed President Mary Daly said US economic conditions are solid enough for the FOMC to remain patient with rate cuts. Her Chicago counterpart Austan Goolsbee? echoed these comments, stressing that the Fed should look through the current 'dust in the air'.

The declining optimism on global markets and lower commodity prices dragged on the Australian dollar, which depreciated against all the major currencies. However, the AUD/USD remains close to its 2025 highs. The ASX 200 ticked up by 0.1% yesterday, with results mixed across sectors. Commonwealth bond yields rose slightly more than their US equivalents, with cash rate cut expectations easing a little.

The wage price index rose by 0.9% in Q1, the most since the final quarter of 2023 and slightly more than the 0.8% pencilled in by the market consensus, taking the annual rate of wages growth 0.2ppts higher to 3.4%. However, wages growth was heavily influenced by developments in early childhood education, aged care work and care work as well as state-based enterprise agreements.

The number of new home loans dropped by 2.5% in Q1, with declines both in new owner occupier (-3.4%) and investor loan commitments (-3.7%). The number of first home buyer commitments fell by 4.2% in the quarter. This followed solid increases in 2024, with new home loans still up by 6.0% through the year.

In commodity markets, oil prices ebbed after sustained gains over the past few days. Iron ore futures rose by another 0.7%, to reach a month high. The gold price, conversely, saw a further decline and is the lowest in around a month.

Economic Data Review

- **AU:** Wage Price Index (QoQ, Q1) – Actual 0.9%, Expected 0.8%, Previous 0.7%.
- **AU:** New Home Loans (QoQ, Q1) – Actual -2.5%, Expected 0.0%, Previous 1.3% (revised).

Economic Data Preview

- **AU:** Employment (monthly change, Apr) – Expected 22.5k, Previous 32.2k.
- **AU:** Unemployment Rate (Apr) – Expected 4.1%, Previous 4.1%.
- **AU:** Melbourne Institute Inflation Expectations (Apr) – Previous 4.2%.
- **UK:** GDP (QoQ, Q1) – Expected 0.6%, Previous 0.1%.
- **US:** Retail Sales (MoM, Apr) – Expected 0.0%, Previous 1.5%.
- **US:** Industrial Production (MoM, Apr) – Expected 0.1%, Previous -0.3%.
- **US:** PPI (MoM, Apr) – Expected 0.2%, Previous -0.4%.
- **US:** Initial Jobless Claims (w/e 10 May) – Expected 228k, Previous 228k.