

Interest Rates (%)			FX			Commodities US\$			
Australia		Δ bp	AUD/USD	0.6476	1.7%	WTI Crude Oil	63.60	\$1.84	
	90-day Bill	3.80	0	AUD/JPY	95.43	1.1%	Brent Crude Oil	66.63	\$1.87
	3-year Bond	3.59	2	AUD/EUR	0.5784	0.8%	Mogas95*	77.69	\$1.50
	10-year Bond	4.46	5	AUD/GBP	0.4864	0.6%	CRB Index	300.53	5.00
			AUD/NZD	1.0902	0.3%	Gold	3253.90	\$16.00	
			AUD/CNY	4.6668	1.7%	Silver	32.94	\$0.37	
US			EUR/USD	1.1196	0.9%	Iron Ore (62% Fe)**	100.55	\$1.10	
	2-year	4.00	1	USD/JPY	147.36	-0.5%	Iron Ore (24-25 Average)	101.48	-\$0.01
	10-year	4.47	1	USD/CNY	7.2046	0.0%	Copper	9520.50	\$0.00
			RBA Policy			Equities			
Other 10-year			O/N Cash Rate Target		4.10	ASX200	8269	-32	
			Interbank O/N Cash Rate		4.09	Dow Jones	42140	-270	
	Japan	1.44	-2	Probability of a 50bps Cut in May		50.7%	S&P500	5887	42
	Germany	2.68	3	RBA Bond Holdings (30 Apr)		A\$276.9b	Stoxx600	545	1
	UK	4.67	3				CSI300	3896	6

*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 closed higher again last night, boosted by a softer than expected US CPI. However, results were mixed across sectors. On the one hand, information technology benefited from White House plans to overhaul regulations on advanced semiconductors and news of a deal for Nvidia and AMD to supply chips to Saudi Arabia. On the other hand, healthcare stocks fell, partly driven by problems at health insurance giant United Health, which slumped almost 18%.

The above followed mixed results in Europe and the Asia-Pacific region. The ASX 200 closed 0.4% higher yesterday, with strong losses in consumer staples and quite solid gains in information technology. Commonwealth bond yields picked up ahead of the wage price index report this morning. The Australian dollar appreciated against all the major currencies, supported by an increase in commodity prices.

Oil prices rose by around 3%, supported by ongoing optimism over the trade truce between the US and China, and further threats from President Trump regarding Iranian oil supply. In addition, US President Trump announced plans to lift sanctions on Syria. Iron ore futures picked up by another 1.1%, to be slightly above US\$100 a tonne. The gold price rose in US dollar terms.

Data-wise, the US CPI rose by 0.2% in April and the annual rate of consumer price inflation declined to 2.3%, which is the lowest level since February 2021. The annual rate of core CPI inflation was unchanged at 2.8%, but core services inflation excluding housing, which is closely tracked by the Fed, declined to 2.7%, a level unseen since March 2021.

The NFIB small business optimism index declined to 95.8 in April, which is largely the level from just before Donald Trump's re-election in November last year. The survey participants continued to cite uncertainty as a major impediment to their business. The uncertainty index declined slightly but remains way above its historical average.

In Australia, NAB business conditions declined to 2 points, from a downwardly revised 3 points in the previous month (originally 4 points). The decline was driven by weaker profitability amid a rise in purchase cost inflation, while trading conditions and employment were little changed. The quarterly growth rate in selling prices also picked up, but less than purchase costs. NAB business confidence rose a little but remained negative (-1 point).

Westpac Melbourne Institute consumer confidence picked up by 2.2% in May, following a 6.0% drop due to tariff concerns in the previous month. The partial recovery in consumer sentiment was quite broad-based, supported by a rebound in stock prices and a drop in fuel prices. Interest rate expectations declined, house price expectations rose and confidence in the labour market improved.

Economic Data Review

- **AU:** NAB Business Conditions (Apr) – Actual 2, Previous 3 (revised).
- **AU:** NAB Business Confidence (Apr) – Actual -1, Previous -3.
- **AU:** Westpac Consumer Sentiment (MoM, May) – Actual 2.2%, Previous -6.0%.
- **US:** CPI (MoM, Apr) – Actual 0.2%, Expected 0.3%, Previous -0.1%.
- **US:** NFIB Small Business Optimism (Apr) – Actual 95.8, Expected 95.0, Previous 97.4.

Economic Data Preview

- **AU:** Wage Price Index (QoQ, Q1) – Expected 0.8%, Previous 0.7%.
- **AU:** Housing Finance (QoQ, Q1) – Expected 0.0%, Previous 1.4%.