

Interest Rates			FX			Commodities		
Australia		Δ bp	AUD/USD	0.7128	0.5%	WTI Crude Oil	90.72	-\$5.90
90-day Bill	4.32	-1	AUD/JPY	113.23	0.3%	Brent Crude Oil	94.61	-\$2.70
3-year Bond	4.58	-6	AUD/EUR	0.6043	0.2%	Mogas95*	113.09	-\$9.40
10-year Bond	4.90	-5	AUD/GBP	0.5252	0.1%	CRB Index	371.38	-3.22
			AUD/NZD	1.2076	-0.1%	Gold	4833.84	\$67.16
			AUD/CNY	4.8577	0.2%	Silver	79.55	\$3.62
US			EUR/USD	1.1794	0.2%	Iron Ore (61% Fe)**	103.30	-\$1.05
2-year	3.74	-3	USD/JPY	158.85	-0.2%	Iron Ore (25-26 Average)	103.36	\$0.00
10-year	4.24	-5	USD/CNY	6.8158	-0.2%	Copper	13284.50	\$231.00
			RBA Policy			Equities		
			O/N Cash Rate Target	4.10		ASX200	8993	3
			Interbank O/N Cash Rate	4.10		Dow Jones	48536	318
Other 10-year			Probability of a 25bps Hike in May	64.4%		S&P500	6967	81
Japan	2.42	-4	RBA Bond Holdings (31 Mar)	A\$250.0b		Stoxx600	620	6
Germany	3.02	-7				CSI300	4701	55
UK	4.78	-9						

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

**Iron ore is the second SGX futures contract.

Trade on financial markets was positive overnight. The S&P 500 is closing in on a record high, with the tech sector again leading the gains. The tech-heavy Nasdaq closed higher for the 10th day in a row. Bond yields fell amid hopes for another round of US-Iran peace talks and news of relatively benign US producer price inflation in March. Crude oil futures fell back toward one-month lows. The rise on Wall Street followed positive sessions in Europe and the Asia-Pacific yesterday, including a 0.5% increase in the Australian market.

Australian bond yields have opened lower this morning, following the moves overnight. The Australian dollar has again lifted against all the major currencies. The AUD/USD has climbed to its highest levels in over a month, peaking as high as US\$0.7148 before edging down again.

Iron ore futures edged down amid reports that China's state-owned commodities buyer has relaxed restrictions on steel mill purchases of BHP iron ore signalling that the months-long dispute may be nearing an end.

The US headline producer price index rose 0.5% in March (exp 1.1%), with the annual rate rising 0.6ppts to 4.0%. The core PPI (ex. food, energy and trade services) gained 0.2% in the month (exp 0.4%) to be up 3.6% YoY. The result was better than expected, but PPI inflation was too high for the Fed's liking even before the energy crisis.

The IMF lowered its forecast for global economic growth for 2026 by 0.2ppts to 3.1%, due to the Middle East war and its impact on energy markets. The forecast assumes the conflict lasts for a few more weeks, after which a recovery will then take hold.

The Westpac-Melbourne Institute Australian consumer sentiment index slumped 12.5% to 80.1 in April, the lowest level since November 2023, and the biggest monthly decline since April 2020. Surging fuel prices and expectations for higher interest rates saw a sharp rise in concerns over family finances and the economy. Escalating concerns over the labour market outlook drove a 9.7% rise in the unemployment expectations index to the highest level since August 2020.

The NAB business survey for March showed the business conditions index remained relatively steady at around its long-term average as an improvement in the employment subindex offset declines in trading and profitability. Purchase cost growth jumped from a quarterly rate of 1.3% to 3.0%, the highest since late 2022. Final product price growth rose to 1.1%, suggesting a squeeze on margins. Business confidence slumped to the lowest level since April 2020.

The Chinese trade surplus narrowed sharply to US\$51.1b in March, from US\$91.0b in February. The narrower surplus was driven by a 29.1% monthly increase in imports (27.8% YoY), while exports rose 7.1% (2.5% YoY). Iron ore imports remained strong at 104.7 million tonnes.

Economic Data Review

- **AU:** Westpac-Melbourne Institute Consumer Sentiment (MoM, Apr) – Actual -12.5%, Previous 1.2%.
- **AU:** NAB Business Conditions Index (Mar) – Actual 6, Previous 6 (revised).
- **AU:** NAB Business Confidence Index (Mar) – Actual -29, Previous -1.
- **CH:** Trade Balance (Mar) – Actual US\$51.1b, Expected US\$107.5b, Previous US\$91.0b.
- **US:** Producer Price Index (MoM, Mar) – Actual 0.5%, Expected 1.1%, Previous 0.7%.

Economic Data Preview

- **US:** Beige Book (The Fed's summary of economic conditions across the 12 Fed districts).