

Interest Rates			FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.6512	0.3%	WTI Crude Oil	63.79	\$0.42
90-day Bill	3.56	3	AUD/JPY	96.01	0.2%	Brent Crude Oil	67.71	\$0.35
3-year Bond	3.41	0	AUD/EUR	0.5592	0.2%	Mogas95*	79.28	\$0.10
10-year Bond	4.31	-1	AUD/GBP	0.4825	0.1%	CRB Index	300.74	2.28
			AUD/NZD	1.1111	0.2%	Gold	3396.27	\$4.76
			AUD/CNY	4.6554	0.2%	Silver	38.61	-\$0.05
US			EUR/USD	1.1645	0.0%	Iron Ore (62% Fe)**	103.10	\$0.10
2-year	3.61	-4	USD/JPY	147.43	0.0%	Iron Ore (25-26 Average)	100.76	\$0.04
10-year	4.23	-3	USD/CNY	7.1517	0.0%	Copper***	9755.50	-\$81.50
			RBA Policy			Equities		
			O/N Cash Rate Target		3.60	ASX200	8961	12
Other 10-year			Interbank O/N Cash Rate		3.59	Dow Jones	45565	147
Japan	1.62	-1	Probability of a 25bps Cut in Sep		22.0%	S&P500	6481	15
Germany	2.70	-2	RBA Bond Holdings (31 Jul)		A\$272.1b	Stoxx600	555	1
UK	4.74	0				CSI300	4386	-66

\*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 reset its record high yesterday, while the Nasdaq and Dow Jones closed just short of their own highs, ahead of Nvidia, the chipmaker poster child, announcing its quarterly results. The results, published just after the market close, showed a decline in revenue due to trade restrictions on some chip types with China.

US Treasury yields declined, as New York Fed President John Williams emphasised central bank independence, adding that each FOMC meeting is 'live'. The spread between French and German government bond yields rose, becoming one of the highest among all euro area member states, as French Prime Minister Francois Bayrou, having not received enough support for his fiscal consolidation package, asked for a vote of confidence on 8 September.

The generally good global market sentiment supported the Australian dollar, which appreciated against all the major currencies. 10-year Commonwealth bond yields declined less than their US equivalents. The ASX 200 rose by 0.2% yesterday, but remained 0.7% below the record high from a week ago. The Aussie share market opened flat this morning.

In commodity markets, oil prices picked up as US inventories fell. India's biggest refiners confirmed that they would continue to purchase Russian oil despite the punitive 50% tariff rate imposed by the US. Iron ore futures picked up by 0.1%.

Data-wise, the Aussie [monthly CPI indicator](#) suggested that consumer price inflation accelerated 0.9ppts to 2.8% in July, exceeding the market expectations of a rise to 2.3%. This strong increase resulted from a rise in out-of-pocket spending for electricity, due to the timing of energy bill relief measures and annual price reviews across the country, as well as a rise in costs of holiday travel and accommodation during the winter school holidays.

Annual trimmed mean inflation, which is the RBA's preferred underlying inflation measure, picked up to 2.7% in July. The July CPI indicator encompasses less than 2/3 of the CPI basket and is therefore of limited use to the RBA, which has been focusing on more comprehensive quarterly reports. The ABS is set to start publishing the complete monthly CPI reports in November, with the first reference period being for October.

Aussie construction work done rose by 3.0% in Q2, significantly more than the 1.0% pencilled in by the market consensus, albeit almost exclusively thanks to a 6.1% surge in engineering work done, mainly in mining. Growth in residential building work done slowed to just 0.1%, while non-residential building work done rose by 0.3% in Q2.

The Westpac leading index rose by 0.14% in July, taking the six-month annualised growth rate – which signals growth ahead three to nine months ahead relative to trend – to 0.12% (up from 0.01% in June, but similar to 0.09% in May).

## Economic Data Review

- **AU:** Monthly CPI Indicator (YoY, Jul) – Actual 2.8%, Expected 2.3%, Previous 1.9%.
- **AU:** Westpac Leading Index (MoM, Jul) – Actual 0.14%, Previous -0.03%.
- **AU:** Construction Work Done (QoQ, Q2) – Actual 3.0%, Expected 1.0%, Previous -0.3% (revised).

## Economic Data Preview

- **AU:** Private Sector Capex (QoQ, Q2) – Expected 0.8%, Previous -0.1%.
- **US:** GDP (QoQ annualised, Q2, 2nd est.) – Expected 3.1%, Previous 3.0%.
- **US:** Initial Jobless Claims (w/e 23 Aug) – Expected 230k, Previous 235k.