

Interest Rates			FX			Commodities		
<b>Australia</b>		<b>Δ bp</b>	AUD/USD	0.7147	0.6%	WTI Crude Oil	99.53	-\$4.20
90-day Bill	4.44	-1	AUD/JPY	113.55	0.5%	Brent Crude Oil	106.11	-\$4.60
3-year Bond	4.64	-5	AUD/EUR	0.6147	0.5%	Mogas95*	129.08	-\$6.65
10-year Bond	5.01	-6	AUD/GBP	0.5320	0.4%	CRB Index	396.95	-9.23
			AUD/NZD	1.2187	0.0%	Gold	4542.15	\$35.25
			AUD/CNY	4.8663	0.5%	Silver	75.79	\$1.31
<b>US</b>			EUR/USD	1.1626	0.2%	Iron Ore (61% Fe)**	106.50	-\$1.30
2-year	4.06	-4	USD/JPY	158.88	-0.1%	Iron Ore (25-26 Average)	103.91	\$0.01
10-year	4.59	-6	USD/CNY	6.7988	-0.2%	Copper	13655.50	\$244.50
			RBA Policy			Equities		
			O/N Cash Rate Target	4.35		ASX200	8637	79
			Interbank O/N Cash Rate	4.35		Dow Jones	50009	645
<b>Other 10-year</b>			Probability of a 25bps Hike in Jun	12.9%		S&P500	7433	79
Japan	2.78	-2	RBA Bond Holdings (30 Apr)	A\$230.3b		Stoxx600	620	9
Germany	3.10	-10				CSI300	4851	-2
UK	4.99	-14						

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

\*\*Iron ore is the second SGX futures contract.

US and European stocks jumped last night, while oil prices and government yields dropped, in reaction to press reports about several oil tankers passing through the Strait of Hormuz and signs of some progress in US-Iran talks. This came as US President Donald Trump told the press that the negotiations are in the 'final stage'. The markets have ignored the warning from Iran that the US might be still planning a new attack on the country.

Oil prices are around 5% lower than this time yesterday morning, with WTI futures falling below US\$100 a barrel, although Brent futures are still above that mark. Government bond yields fell sharply in continental Europe and the UK, but the declines were more measured for US and Japanese bond yields.

The improved global market sentiment supported the Australian dollar, which appreciated against the major currencies. Commonwealth bond yields fell broadly in line with their US equivalents. The ASX 200 surged by more than 1% this morning, having dropped by 1.2% yesterday when concerns about the escalation in the Middle East conflict persisted.

Yesterday also saw the publication of minutes from the last FOMC meeting with Jerome Powell at the helm. The document confirmed that, due to the impacts of the war in the Middle East, FOMC generally agreed that the fed funds rate should be kept steady for longer than previously thought, with the majority of participants judging that rate hikes might be necessary if inflation remains above the 2% goal. Many of them wanted it to be better reflected in forward guidance, but they did not gain sufficient support, resulting in the slight dovish tilt being kept in the statement.

Across the Atlantic, the UK CPI rose by 0.7% in April, in line with market expectations, but the annual rate of inflation dropped by 0.5ppts to 2.8%, partly due to a high base due to a rise in utility costs a year ago. Annual core CPI inflation fell by 0.6ppts to 2.5%.

At home, the S&P Global composite PMI dropped by 2.6pts to 47.8 in May (below 50 = contraction), suggesting renewed decline in private sector activity after just one month of growth. The contraction in May was driven by services (-3pts to 47.7). Manufacturing remained in marginal expansion (-1.1pts to 50.2), but the output in that sector declined. The details of the report suggested the strongest decline in output since September 2021, a marginal decline in employment and the second-largest rise in input price inflation since August 2022, which was passed on to customers to a limited extent.

### Economic Data Review

- **AU:** S&P Global Composite PMI (May) – Actual 47.8, Previous 50.4.
- **UK:** CPI (MoM, Apr) – Actual 0.7%, Expected 0.9%, Previous 0.7%.

### Economic Data Preview

- **AU:** Employment (monthly change, Apr) – Expected 15.0k, Previous 17.9k.
- **AU:** Unemployment Rate (Apr) – Expected 4.3%, Previous 4.3%.
- **AU:** Melbourne Institute Inflation Expectations (May) – Previous 5.9%.
- **JP:** S&P Global Composite PMI (May) – Previous 52.2.
- **EZ:** S&P Global Composite PMI (May) – Expected 48.8, Previous 48.8.
- **UK:** S&P Global Composite PMI (May) – Expected 51.6, Previous 52.6.
- **US:** S&P Global Composite PMI (May) – Expected 51.8, Previous 51.7.