

| Interest Rates | | | FX | | | Commodities | | |
|----------------------|------|-------------|------------------------------------|-----------|-------|--------------------------|----------|---------|
| Australia | | Δ bp | AUD/USD | 0.6886 | -0.2% | WTI Crude Oil | 69.84 | -\$1.80 |
| 90-day Bill | 4.46 | 0 | AUD/JPY | 111.37 | -0.2% | Brent Crude Oil | 72.32 | -\$2.69 |
| 3-year Bond | 4.38 | 1 | AUD/EUR | 0.6047 | -0.4% | Mogas95* | 95.85 | -\$3.56 |
| 10-year Bond | 4.74 | 1 | AUD/GBP | 0.5218 | -0.2% | CRB Index | 352.23 | -3.82 |
| | | | AUD/NZD | 1.2221 | 0.0% | Gold | 4066.84 | \$45.42 |
| | | | AUD/CNY | 4.6882 | -0.3% | Silver | 58.50 | \$0.77 |
| US | | | EUR/USD | 1.1387 | 0.2% | Iron Ore (61% Fe)** | 99.05 | \$1.55 |
| 2-year | 4.10 | -2 | USD/JPY | 161.75 | 0.0% | Iron Ore (25-26 Average) | 103.67 | -\$0.01 |
| 10-year | 4.38 | -2 | USD/CNY | 6.8004 | 0.0% | Copper | 13357.50 | \$87.50 |
| | | | RBA Policy | | | Equities | | |
| Other 10-year | | | O/N Cash Rate Target | 4.35 | | ASX200 | 8785 | 34 |
| Japan | 2.65 | 1 | Interbank O/N Cash Rate | 4.35 | | Dow Jones | 51876 | -45 |
| Germany | 2.85 | -1 | Probability of a 25bps Hike in Aug | 18.6% | | S&P500 | 7354 | -3 |
| UK | 4.73 | 3 | RBA Bond Holdings (29 May) | A\$229.8b | | Stoxx600 | 636 | -4 |
| | | | | | | CSI300 | 4868 | -152 |

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

**Iron ore is the second SGX futures contract.

The uneven performance on Wall Street continued on Friday, with information technology stocks in a further retreat, while most sectors saw ongoing gains. The S&P 500 closed virtually flat, while the tech-heavy Nasdaq fell by 0.2% and the Dow Jones ebbed by 0.1%.

Oil prices resumed falling on Friday, to be again back at the levels from just before the start of the war. One of the catalysts for the renewed decline was a warning from Iraq that it might leave OPEC if it is not granted larger output quotas, implying an upside risk to oil supply regardless of the outcome. Despite signs of re-escalation of the conflict in the Middle East over the weekend, oil prices have had a quiet start to the morning.

The attack on the cargo ship in the Strait, which has since been attributed to Iran, proved to be a catalyst for fresh tensions in the Middle East over the weekend. The US and Iran traded fire, with sites in Kuwait and Bahrain also affected. Another vessel, this time an oil tanker, was also attacked in the Strait of Hormuz on Saturday. Commercial traffic through the Strait of Hormuz slowed, but remained in double-digits.

Israel and Lebanon signed their own framework agreement on Friday night, stating that Israeli forces would 'progressively redeploy out of' southern Lebanon. However, last weekend also saw press reports about further bombing of sites near the Israeli-Lebanese border.

The mixed global market sentiment and renewed decline in oil prices dragged on the Australian dollar, which depreciated against all the major currencies. Commonwealth bond yields ticked up this morning. The Aussie stock market was one of the few exceptions among global bourses, closing in the black on Friday, with a 0.2% gain and increases in most industries. The ASX 200 also started the trading week on a front foot.

Fedspeak was quite mixed over the weekend, with New York Fed President John Williams judging that the current level of the fed funds rate should be sufficient to tame inflation, while his Minneapolis counterpart Neel Kashkari said that one rate hike may be necessary. The market continues to fully price in a fed funds rate hike in 2026, but expectations are increasingly shifting from October to November.

The subject of tariffs made a big comeback over the weekend, with US President Donald Trump threatening European countries working on a digital services tax with a 100% import levy.

The only statistical release of note over the weekend was the advance goods trade report for the US, which showed a widening of trade deficit to a level unseen since the introduction of 'reciprocal' tariffs in April last year. The deterioration in the trade deficit was caused by the largest drop in exports in six months (-5.4%). This corresponds with data provided by the US Energy Information Administration showing oil exports easing from the peak reached in late April.

Domestic highlights [this week](#) will be the RBA Monetary Policy Board minutes tomorrow, the June Cotality home value index and the May dwelling approvals release on Wednesday, followed by the goods trade balance for May on Thursday. The key releases offshore will be the US labour market data as well as the US and Chinese PMIs.

Economic Data Review

- **US:** Goods Trade Balance (May, advance) – Actual -US\$106b, Expected -US\$85b, Previous -US\$83b (revised).

Economic Data Preview

No market-moving data.