

Interest Rates			FX			Commodities		
Australia		Δ bp	AUD/USD	0.7027	-0.2%	WTI Crude Oil	89.60	-\$1.58
90-day Bill	4.46	-2	AUD/JPY	112.70	0.0%	Brent Crude Oil	92.87	-\$1.33
3-year Bond	4.50	-11	AUD/EUR	0.6089	-0.3%	Mogas95*	112.02	-\$0.78
10-year Bond	4.90	-7	AUD/GBP	0.5253	-0.5%	CRB Index	372.32	-5.05
			AUD/NZD	1.2081	-0.4%	Gold	4211.97	-\$105.03
			AUD/CNY	4.7650	-0.3%	Silver	64.63	-\$2.95
US			EUR/USD	1.1541	0.1%	Iron Ore (61% Fe)**	100.70	-\$0.05
2-year	4.14	-3	USD/JPY	160.38	0.1%	Iron Ore (25-26 Average)	103.89	-\$0.01
10-year	4.53	-4	USD/CNY	6.7746	-0.1%	Copper	13615.00	-\$0.50
			RBA Policy			Equities		
			O/N Cash Rate Target	4.35		ASX200	8626	118
			Interbank O/N Cash Rate	4.35		Dow Jones	50872	86
Other 10-year			Probability of a 25bps Hike in Jun	0.0%		S&P500	7387	-19
Japan	2.70	-5	RBA Bond Holdings (29 May)	A\$229.8b		Stoxx600	619	-3
Germany	3.04	-2				CSI300	4802	88
UK	4.90	-4						

*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 fell slightly last night, dragged down by a retreat in information technology and energy stocks, while all other sectors closed in black.

Brent futures temporarily slipped below US\$90 a barrel for the first time since mid-April, in reaction to US President Donald Trump saying that the US and Iran are in the 'final throes' of a deal. Government bond yields also fell across the advanced economies in a knee-jerk reaction. Oil and fixed income market participants have ignored the further escalation of on-ground tensions, with the downing of a US helicopter and new 'self-defence' strikes on Iran.

The ASX 200 recovered from early heavy falls yesterday, to close 0.2% lower, and opened in red again this morning, while the AUD/USD reached a new two-month low. Commonwealth bond yields fell more than their US equivalents.

Data-wise, US NFIB small business optimism declined to 95.3 in May, reaching the lowest level since late 2024, dented by high fuel prices and supply chain disruptions.

Across the Pacific, Chinese trade surplus rose to US\$105.4b in May, supported by an acceleration in export growth to 19.4% YoY, with exports of electric vehicles and microchips more than doubling over the year. At the same time, Chinese import growth held steady at 21.5% YoY, though iron ore imports ebbed by 0.4% YoY.

In Australia, NAB business conditions were unchanged at 3 points in May, with profitability conditions turning negative for the first time in around a year, while employment and trading conditions improved marginally. Business confidence rose by 9 points to a still deeply negative level of -14 points, with trend conditions staying negative across all industries.

The NAB business survey also points to a sharp deceleration in the growth of purchase costs and prices paid, which followed a spike in April. That said, growth in purchase costs was one of the strongest in three years.

Westpac consumer sentiment declined by 2.9% to 80.6 in June, virtually returning to April lows and being one of the weakest outcomes in the 50-year history of the survey. The deterioration was the largest in the family finances subindices, both regarding current conditions (-7.5%) and the one-year outlook (-8.5%). Expectations of economic conditions over the next five years also eased (-3.2%), reaching the lowest level since November 2022.

Households see economic conditions improving in the coming year. The 'time to buy a major household item' subindex also improved. Both corresponded with easing concerns about interest rate increases. That said, households still expect some monetary tightening ahead, which – coupled with the changes to negative gearing rules and capital gains tax – saw the house price expectations index decline on the one hand and the 'time to buy a dwelling' index rise on the other.

Economic Data Review

- **AU:** NAB Business Report (May) – Actual 3 (Conditions) and -14 (Confidence), Previous 3 (Cond.) and -23 (Conf.).
- **AU:** Westpac Melbourne Institute Consumer Sentiment (MoM, Jun) – Actual -2.9%, Previous 3.5%.
- **CH:** Trade Balance (May) – Actual US\$105.4b, Expected US\$92.3b, Previous US\$84.8b.
- **US:** NFIB Small Business Optimism (May) – Actual 95.3, Expected 96.0, Previous 95.9.

Economic Data Preview

- **CH:** Inflation (YoY, May) – Expected 1.3% (CPI) and 3.8% (PPI), Previous 1.2% (CPI) and 2.8% (PPI).
- **US:** CPI (MoM, May) – Expected 0.5%, Previous 0.6%.