

Interest Rates			FX			Commodities		
Australia		Δ bp	AUD/USD	0.6918	-1.0%	WTI Crude Oil	72.93	-\$1.19
90-day Bill	4.48	1	AUD/JPY	111.80	-1.0%	Brent Crude Oil	76.80	-\$1.27
3-year Bond	4.41	-1	AUD/EUR	0.6081	-0.6%	Mogas95*	98.58	-\$1.46
10-year Bond	4.78	-2	AUD/GBP	0.5242	-0.7%	CRB Index	355.33	-4.23
			AUD/NZD	1.2207	-0.4%	Gold	4099.08	-\$91.66
			AUD/CNY	4.6939	-1.0%	Silver	61.57	-\$3.35
US			EUR/USD	1.1376	-0.4%	Iron Ore (61% Fe)**	98.10	-\$0.35
2-year	4.20	-2	USD/JPY	161.60	0.0%	Iron Ore (25-26 Average)	103.73	-\$0.03
10-year	4.49	-1	USD/CNY	6.7924	0.2%	Copper	13371.00	-\$278.00
			RBA Policy			Equities		
Other 10-year			O/N Cash Rate Target	4.35		ASX200	8799	-39
Japan	2.68	0	Interbank O/N Cash Rate	4.35		Dow Jones	51667	-46
Germany	2.92	-3	Probability of a 25bps Hike in Aug	27.9%		S&P500	7365	-107
UK	4.75	-5	RBA Bond Holdings (29 May)	A\$229.8b		Stoxx600	635	-5
						CSI300	4919	-140

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

**Iron ore is the second SGX futures contract.

The global stocks were a sea of red yesterday, with the sell-off driven by information technology amid concerns over the sustainability of the artificial intelligence boom. The S&P 500 lost 1.4% last night, while the tech-heavy Nasdaq fell 2.2%, the most since early May. This followed equally strong losses in Europe, while some bourses in the Asia-Pacific region saw an even more dramatic session, with the Korean Kospi down by 10%.

Government bond yields fell in most major advanced economies last night, while the US dollar appreciated further, to be the strongest in around a year.

The weaker global market sentiment dragged on the Australian dollar, which depreciated against all major currencies, particularly versus the safe-haven greenback and Japanese yen. The AUD/USD and AUD/JPY are the lowest since early April. The ASX 200 ebbed by 0.3% yesterday, before opening slightly higher this morning. Commonwealth bond yields declined in line with their global equivalents ahead of the release of the May CPI later this morning.

Oil prices continued to decline, as traffic in the Strait of Hormuz continues, with 20 commercial vessels crossing the Strait yesterday, which followed 25 crossings on Monday. The US has also partially lifted sanctions on Iran for a period of 60 days, allowing for oil exports over this time. Brent futures are now less than 10% above the level from the start of the US-Iran war. In other commodity markets, iron ore futures continued to decline, to be the lowest since February.

Yesterday saw the publication of the S&P Global composite PMIs for the major advanced economies.

In the US, the S&P Global composite PMI rose by 0.7pts to 52.2 in June (above 50 = expansion), with stronger growth in both services (+0.6pts to 51.3) and manufacturing (+0.6 to 55.7; the highest level in nearly five years). In all cases, the figures were above market expectations.

The report details suggested a rise in new orders, particularly in manufacturing, and improved sentiment, but also a further decline in employment, supply disruptions and cost pressures, although the rate of inflation declined somewhat.

Elsewhere, the pace of contraction in the euro area slowed more than expected in June, though remained considerable in the monetary union's two largest countries, Germany and France. Manufacturing activity in the euro area continued to expand, though somewhat slower than a month ago, while contraction in services narrowed.

The UK economy unexpectedly remained in contraction in June. The pace of contraction in services was the strongest in over three years, but growth in manufacturing remained solid. The report mentioned a negative impact of the domestic economic uncertainty on business confidence. Closer to home, the Japanese S&P Global composite PMIs signalled faster expansion, with stronger growth in both services and manufacturing.

Economic Data Review

- **JP:** S&P Global Composite PMI (Jun, flash) – Actual 52.5, Previous 51.1.
- **EZ:** S&P Global Composite PMI (Jun, flash) – Actual 49.5, Expected 49.2, Previous 48.5.
- **UK:** S&P Global Composite PMI (Jun, flash) – Actual 49.4, Expected 50.5, Previous 49.7.
- **US:** S&P Global Composite PMI (Jun, flash) – Actual 52.2, Expected 52.1, Previous 51.5.

Economic Data Preview

- **AU:** CPI (MoM, May) – Expected -0.4%, Previous 0.4%.