

Interest Rates			FX			Commodities		
Australia		Δ bp	AUD/USD	0.7124	-0.1%	WTI Crude Oil	93.01	-\$2.48
90-day Bill	4.49	1	AUD/JPY	113.97	-0.1%	Brent Crude Oil	95.29	-\$1.93
3-year Bond	4.56	-1	AUD/EUR	0.6135	-0.1%	Mogas95*	110.18	-\$2.93
10-year Bond	4.91	-1	AUD/GBP	0.5308	-0.1%	CRB Index	384.04	-4.95
			AUD/NZD	1.2144	0.0%	Gold	4456.33	\$6.66
			AUD/CNY	4.8340	0.0%	Silver	73.52	\$0.41
US			EUR/USD	1.1613	0.0%	Iron Ore (61% Fe)**	101.25	-\$1.75
2-year	4.04	-3	USD/JPY	159.98	0.0%	Iron Ore (25-26 Average)	103.93	-\$0.02
10-year	4.47	-1	USD/CNY	6.7746	-0.1%	Copper	13932.00	\$107.00
			RBA Policy			Equities		
Other 10-year			O/N Cash Rate Target	4.35		ASX200	8647	-32
Japan	2.67	2	Interbank O/N Cash Rate	4.35		Dow Jones	51562	875
Germany	3.02	-1	Probability of a 25bps Hike in Jun	0.0%		S&P500	7584	31
UK	4.90	-3	RBA Bond Holdings (29 May)	A\$229.8b		Stoxx600	624	3
						CSI300	4905	-34

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

**Iron ore is the second SGX futures contract.

US stocks bounced back overnight, while oil prices fell, in reaction to reports that Israel and Lebanon have reached a ceasefire agreement. However, this morning brought news that the militant group Hezbollah, which is one of the parties fighting in southern Lebanon, rejected the deal. Talks on the situation in Lebanon are to resume on 22 June.

Quite surprisingly, information technology did not drive gains on Wall Street as was the case for most of the current rally, with the tech-heavy Nasdaq closing marginally lower.

The European bourses closed in black yesterday, which followed quite significant declines across the Asia-Pacific region. The ASX 200 dropped by 1.1%, with strong declines in materials, communication and information technology, before opening lower this morning.

The Australian dollar depreciated slightly against all the major currencies, while Commonwealth bond yields declined marginally across the yield curve.

From Fedspeak overnight, Richmond Fed President Tom Barkin judged that the US labour market remains in balance, with no signs of tightness. San Francisco Fed President Mary Daly said that the Fed's monetary policy settings are in a good place to respond to the materialisation of risks in either direction.

Meanwhile, US initial jobless claims picked up to a still-moderate 225k last week, while continued claims were little changed and below 1.8m in the week ending 23 May.

At home, the Aussie [goods trade balance](#) rose back into positive territory in April, with a surplus of A\$1.8b. This followed a trade shortfall of A\$1.0b in March (revised from A\$1.8b), which was the first deficit since 2017.

The climb back to a surplus was driven by a strong rise in iron ore exports that more than offset a small increase in imports. The rise in imports was caused by higher fuel deliveries, offsetting a pullback in imports of ADP equipment, which had surged earlier in the year due to investment in data centres.

RBA Governor Michele Bullock appeared before the Senate Economics Legislation Committee, but said little that could be considered new. She continued to highlight the importance of bringing inflation back to target and expressed concerns about the risk of second round effects from the sharp rise in energy prices.

Governor Bullock reiterated that, following three cash rate increases this year, monetary policy is well placed to respond to developments. However, she added that it will take one to two years for the full effects of the recent tightening to flow through the economy.

Economic Data Review

- **AU:** Goods Trade Balance (Apr) – Actual A\$1.8b, Expected A\$1.6b, Previous -\$1.0b (revised).
- **US:** Initial Jobless Claims (w/e 30 May) – Actual 225k, Expected 215k, Previous 212k (revised).

Economic Data Preview

- **AU:** RBA Deputy Governor Fireside Chat on Australia's Economic Outlook.
- **US:** Non-farm Payrolls (monthly change, May) – Expected 93k, Previous 115k.
- **US:** Unemployment Rate (May) – Expected 4.3%, Previous 4.3%.