

Interest Rates (%)			FX			Commodities US\$			
Australia		Δ bp	AUD/USD	0.6438	-0.2%	WTI Crude Oil	63.05	\$0.20	
	90-day Bill	3.73	-6	AUD/JPY	92.83	-1.1%	Brent Crude Oil	66.37	\$0.67
	3-year Bond	3.45	-17	AUD/EUR	0.5698	-0.9%	Mogas95*	76.39	\$0.79
	10-year Bond	4.42	-6	AUD/GBP	0.4801	-0.7%	CRB Index	298.18	1.97
			AUD/NZD	1.0841	-0.4%	Gold	3301.55	\$84.81	
US			AUD/CNY	4.6294	-0.5%	Silver	33.16	\$0.84	
			EUR/USD	1.1299	0.7%	Iron Ore (62% Fe)**	99.70	\$0.20	
	2-year	3.96	-2	USD/JPY	144.18	-0.8%	Iron Ore (24-25 Average)	101.46	-\$0.01
	10-year	4.49	3	USD/CNY	7.2170	0.0%	Copper	9519.50	-\$4.00
			RBA Policy			Equities			
Other 10-year			O/N Cash Rate Target		3.85	ASX200	8394	32	
			Interbank O/N Cash Rate		3.84	Dow Jones	42677	-115	
	Japan	1.53	6	Probability of a 25bps Cut in Jul		67.4%	S&P500	5940	-23
	Germany	2.61	2	RBA Bond Holdings (30 Apr)		A\$276.9b	Stoxx600	554	4
	UK	4.70	4				CSI300	3898	21

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

**Iron ore is the second SGX futures contract.

As expected, [the RBA Monetary Policy Board](#) cut interest rates by 25bps yesterday, taking the cash rate target to 3.85%. The post-meeting statement turned more dovish, highlighting more balanced inflation risks, with forward guidance now citing both price stability and full employment.

The RBA has also released the May Statement on Monetary Policy with updated macroeconomic projections. Most importantly, the inflation projection paths were revised downwards, with trimmed mean inflation now expected to drop to 2.6% as soon as in June 2025 and remain at this level until the end of the projection horizon in June 2027. The unemployment rate forecasts were revised slightly upwards, with the peak expected at 4.3% (0.1ppts higher than in February). The GDP projection path was downgraded, with growth expected to peak at 2.2% instead of 2.4%.

During the post-meeting conference, RBA Governor Michele Bullock confirmed that the decision to deliver a 25bps cut was unanimous but followed a discussion on alternative options (keeping rates unchanged and cutting them by 50bps). She declined to endorse the market cash rate path, judging that it might be pricing in a 'really bad outcome' of tariffs.

The more dovish tone from the RBA and GDP forecast downgrade saw pricing for cash rate cuts intensify a little, with a terminal rate now expected at around 3% instead of around 3.25% on Monday. Commonwealth bond yields dropped as a result, with a particularly strong decline at the front end of the yield curve. The Australian dollar depreciated including against the weaker greenback. The ASX 200 rose by 0.6% yesterday before opening even higher this morning.

Offshore, the six-day winning streak on Wall Street came to a halt last night, with no data or events to provide guidance. The S&P 500 and Nasdaq both lost 0.4%, with declines in most industries led by energy. The losses on Wall Street followed gains in Europe and most of the Asia-Pacific region.

US 10-year Treasury yields resumed to climb amid further concerns over the state of US public finances, as US President Donald Trump visited the US House of Representatives to urge the Republican representatives to pass the tax cut and immigration bill (its official name is 'One Big Beautiful Bill').

US Congressional Budget Office released its estimates of the fiscal impacts of the bill, implying that it could add US\$3.8 trillion to the deficit over 10 years.

The People's Bank of China has announced a 10bps fall in loan prime rates. The 5-year loan prime rate, which is a benchmark for mortgage costs in China, has hit a record low of 3.50%.

Despite the lower costs of funding in China, iron ore futures picked up by a meagre 0.2%. Oil prices rose by around 1.0%. The gold price picked up by 2.3% on US fiscal concerns but remains 4.1% off its record high.

Economic Data Review

No market-moving data.

Economic Data Preview

- **AU:** Westpac Leading Index (Apr) – Previous -0.11%.
- **UK:** CPI (MoM, Apr) – Expected 1.0%, Previous 0.3%.