

Interest Rates			FX			Commodities		
Australia		Δ bp	AUD/USD	0.7081	0.5%	WTI Crude Oil	80.73	-\$5.55
90-day Bill	4.47	-1	AUD/JPY	113.27	0.3%	Brent Crude Oil	83.61	-\$5.47
3-year Bond	4.37	-7	AUD/EUR	0.6100	0.2%	Mogas95*	109.25	-\$3.84
10-year Bond	4.76	-6	AUD/GBP	0.5263	0.2%	CRB Index	368.86	-0.89
			AUD/NZD	1.2097	0.1%	Gold	4301.53	\$74.76
			AUD/CNY	4.7664	0.1%	Silver	70.43	\$2.70
US			EUR/USD	1.1606	0.3%	Iron Ore (61% Fe)**	101.55	-\$0.15
2-year	4.01	-5	USD/JPY	159.96	-0.1%	Iron Ore (25-26 Average)	103.88	\$0.00
10-year	4.42	-5	USD/CNY	6.7627	-0.2%	Copper	13698.00	\$215.50
			RBA Policy			Equities		
			O/N Cash Rate Target	4.35		ASX200	8927	139
			Interbank O/N Cash Rate	4.35		Dow Jones	51202	354
Other 10-year			Probability of a 25bps Hike in Jun	0.0%		S&P500	7431	37
Japan	2.57	-9	RBA Bond Holdings (29 May)	A\$229.8b		Stoxx600	633	12
Germany	3.00	-4				CSI300	4777	55
UK	4.84	-7						

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

**Iron ore is the second SGX futures contract.

Global stocks rose on Friday, supported by hopes for a peace deal between the US and Iran. The S&P 500 saw a broad-based gain of 0.5%, which followed increases in Europe and across the Asia-Pacific region. Market sentiment was also supported by a record-breaking initial public offering by SpaceX, which made it the sixth most valuable US-listed firm within just one day.

The peace hopes were fuelled by comments from both sides, with US President Donald Trump reportedly saying that the deal could be signed over the weekend and Iranian Foreign Minister Abbas Araghchi assessing that an agreement has 'never been closer'.

This morning, President Trump announced in a social media post that the deal is now complete and, according to Pakistani mediators, the signing ceremony has been since pushed back until Friday, 19 June. The deal is reported to include among others re-opening of the Strait of Hormuz, the end of the US blockade and unfreezing of Iranian assets.

However, both the Iranian side and President Trump suggested that the peace agreement is meant to allow time for negotiations of another nuclear deal. This means that there is a risk of tensions flaring up again in the coming months, especially given that Iran has already warned they will not restart negotiations until their assets are unfrozen, and are ready to resume fighting.

The peace deal hopes drove Brent and WTI futures to the lowest levels since early March. The drop in oil prices helped ease inflation concerns, pushing fed funds rate hike expectations back into 2027.

The ASX 200 opened sharply higher today, after surging by 2.0% on Friday. The Australian dollar appreciated against all the major currencies in reaction to the peace deal news this morning. Commonwealth bond yields have dropped since Friday.

From data released on Friday, University of Michigan consumer confidence saw a larger-than-expected gain, but to a still-depressed level of 48.9. Consumer inflation expectations ebbed by 0.2ppts to an elevated 4.6% for the one-year horizon, while dropping to a quite-moderate 3.4% for the five- to ten-year horizon. Due to challenges after the change in data collection methodology, the FOMC pays more attention to the New York Fed consumer survey.

Across the Atlantic, UK GDP is estimated to have declined by 0.1% in April, dragged down by lower activity in services, partly offset by higher manufacturing activity and – to a lesser extent – construction output.

The key domestic event [this week](#) will be the RBA Monetary Policy Board decision tomorrow, with no change expected, and the RBA press conference, which could offer some hints about the interest rate outlook. It will be a big week in central banking, with decisions by the FOMC, Bank of Japan and Bank of England all due. The most important data releases will be US industrial production and retail sales, as well as the monthly Chinese activity data for May.

Economic Data Review

- **UK:** GDP (MoM, Apr) – Actual -0.1%, Expected -0.1%, Previous 0.3%.
- **US:** University of Michigan Consumer Confidence (Jun, prel.) – Actual 48.9, Expected 46.0, Previous 44.8.

Economic Data Preview

- **US:** Industrial Production (MoM, May) – Expected 0.3%, Previous 0.7%.