

Interest Rates			FX			Commodities		
<b>Australia</b>		<b>Δ bp</b>	AUD/USD	0.6990	-0.2%	WTI Crude Oil	74.12	-\$4.50
90-day Bill	4.47	0	AUD/JPY	112.98	-0.1%	Brent Crude Oil	78.07	-\$3.21
3-year Bond	4.42	-5	AUD/EUR	0.6119	0.1%	Mogas95*	100.04	-\$4.57
10-year Bond	4.80	-4	AUD/GBP	0.5277	-0.5%	CRB Index	359.56	-2.51
			AUD/NZD	1.2255	0.3%	Gold	4190.74	\$24.20
			AUD/CNY	4.7437	-0.1%	Silver	64.92	-\$0.22
<b>US</b>			EUR/USD	1.1426	-0.3%	Iron Ore (61% Fe)**	98.45	-\$0.85
2-year	4.22	0	USD/JPY	161.62	0.1%	Iron Ore (25-26 Average)	103.76	-\$0.02
10-year	4.50	1	USD/CNY	6.7762	0.1%	Copper	13649.00	\$54.00
			RBA Policy			Equities		
			O/N Cash Rate Target	4.35		ASX200	8837	13
			Interbank O/N Cash Rate	4.35		Dow Jones	51713	148
<b>Other 10-year</b>			Probability of a 25bps Hike in Aug	31.0%		S&P500	7473	-28
Japan	2.68	0	RBA Bond Holdings (29 May)	A\$229.8b		Stoxx600	639	4
Germany	2.95	-3				CSI300	5060	118
UK	4.81	-3						

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

\*\*Iron ore is the second SGX futures contract.

Wall Street started the trading week on a mixed note, with the S&P 500 ebbing by 0.4% in a catch-up to the losses in the global markets over the US long weekend. US long-term Treasury yields picked up slightly following some hawkish Fed speak. Oil prices fell further amid signs of progress in the US-Iran negotiations in Switzerland.

The talks between the US and Iran are proceeding, with a roadmap to achieving a final deal in 60 days being drafted. The negotiations are now moving to the technical phase, and a high-level oversight committee is being established to oversee the mediation process. The US has reportedly launched a 'monitoring mechanism' tracking the fighting in southern Lebanon.

Regarding the oil trade, the US has lifted its maritime blockade, while the renewed closure of the Strait of Hormuz appears to have ended. According to Bloomberg data, 22 commercial vessels crossed the Strait yesterday. Oil prices have dropped by another 4-6% since yesterday morning, with Brent futures sliding back below US\$80 a barrel and reaching the lowest level since early March.

The Australian dollar depreciated against all the major currencies except for the euro. Depreciation was particularly strong versus the British pound, which has received support from what appears likely to be a swift transition of power to Andy Burnham as the new UK Prime Minister. Commonwealth bond yields have fallen since yesterday, particularly at the front end of the curve. The ASX 200 opened flat this morning, after ebbing by 0.1% yesterday.

The People's Bank of China announced that the five-year prime loan rate, which is a benchmark for the cost of new mortgages, would be left unchanged at a record low of 3.50%. The one-year prime loan rate, a base for corporate loans and household consumer loans, was also kept steady at 3.00%.

From domestic data released this morning, the Aussie S&P Global composite PMI rose by 1.1pts to 49.8 in June (below 50 = contraction), signalling near-stagnant conditions in the private sector after a solid decline in the previous month. The stagnant conditions were reported for the services sector (+1.2pts to 49.9), while the pace of expansion in manufacturing accelerated (+0.5pts to 51.2).

The details of the S&P Global report suggested a further decline in new orders, a rise in employment, and a slower, albeit still steep, increase in costs, particularly for fuel and transport. Companies did not push the entire rise in costs onto customers, with output price inflation being the lowest since February. The PMI reports for the major advanced economies will be published later today.

ANZ Roy Morgan consumer sentiment rose by 3.0% last week, reaching 72.8 points. While this is the highest level since early March, it is still very low by historical standards, comparable with what was recorded at the heights of COVID-19. Consumer inflation expectations declined by another 0.2ppts to 5.8%, which is the lowest level since the start of the war in the Middle East.

### Economic Data Review

- **AU:** S&P Global Composite PMI (Jun, flash) – Actual 49.8, Previous 48.7.
- **AU:** ANZ Roy Morgan Consumer Sentiment (w/e 20 Jun) – Actual 72.8, Previous 70.7.

### Economic Data Preview

- **US:** S&P Global Composite PMI (Jun, flash) – Expected 52.1, Previous 51.5.