

Interest Rates			FX			Commodities		
Australia		Δ bp	AUD/USD	0.7159	-0.7%	WTI Crude Oil	105.10	\$3.00
90-day Bill	4.38	1	AUD/JPY	112.56	-0.5%	Brent Crude Oil	113.94	\$5.34
3-year Bond	4.68	-1	AUD/EUR	0.6127	-0.3%	Mogas95*	132.90	\$5.11
10-year Bond	5.01	2	AUD/GBP	0.5293	-0.3%	CRB Index	401.06	7.66
			AUD/NZD	1.2210	0.0%	Gold	4520.90	-\$87.94
			AUD/CNY	4.9056	-0.2%	Silver	72.63	-\$2.89
US			EUR/USD	1.1687	-0.3%	Iron Ore (61% Fe)**	108.10	\$0.20
2-year	3.95	7	USD/JPY	157.22	0.2%	Iron Ore (25-26 Average)	103.60	\$0.02
10-year	4.44	7	USD/CNY	6.8281	0.0%	Copper***	12996.50	\$0.00
			RBA Policy			Equities		
			O/N Cash Rate Target	4.10		ASX200	8642	-47
			Interbank O/N Cash Rate	4.10		Dow Jones	48942	-557
Other 10-year			Probability of a 25bps Hike in May	73.9%		S&P500	7201	-29
Japan***	2.52	0	RBA Bond Holdings (30 Apr)	A\$230.3b		Stoxx600	606	-6
Germany	3.09	5				CSI300***	4807	0
UK***	4.96	0						

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

**Iron ore is the second SGX futures contract.

***No change due to the public holiday.

Global stocks were again a sea of red last night, as the US announcement of the intention to 'escort' vessels through the Strait of Hormuz backfired. The US-Iran conflict re-escalated, with Iran resuming its attacks on vessels trying to cross the Strait and on targets in the United Arab Emirates, including an oil storage facility.

The physical escorts by the US military in the Strait of Hormuz have not materialised, with the US intervention limited to 'guidance' about the safest routes, and its navy ships being 'in the vicinity' of the Strait. Only two US ships were successfully escorted through the Strait overnight, and according to Bloomberg data, only four vessels crossed the Strait of Hormuz altogether.

The re-escalation in the Middle East drove Brent futures back above US\$110 a barrel. Fresh concerns over inflation and the monetary policy outlook have led to a solid rise in US and German Treasury yields across the yield curve (Japanese and UK markets were closed due to holidays).

The deterioration in the global market sentiment drove the Australian dollar lower. Commonwealth bond yields saw only a slight increase, and only for longer maturities, despite a 25bps cash rate hike widely expected from the RBA later today. The ASX 200 opened sharply lower this morning, after retreating by 0.4% yesterday amid declines in most sectors.

Data-wise, [dwelling approvals](#) fell by a seasonally adjusted 10.5% in March, roughly in line with market expectations of a 10.0% decline. The drop in March followed a 31.0% surge in the previous month and was driven by a retreat in dwellings other than houses, while private sector house approvals saw a sluggish 0.9% gain.

The Melbourne Institute inflation gauge suggested that consumer price growth remained unchanged at 4.3% in April. The gauge is modelled on the official CPI basket, but the sample size is much smaller. It is not targeted by the RBA.

ANZ job ads fell by another 0.8% in April, to be down by 1.4% through the year but 12.5% higher than before the COVID-19 pandemic. It remains too early to say if the recent retreat in job ads is due to heightened uncertainty from the war in the Middle East. ANZ Roy Morgan consumer sentiment fell by 0.9% last week, remaining depressed, with inflation expectations ticking up to an elevated 6.7%.

Economic Data Review

- **AU:** Dwelling Approvals (MoM, Mar) – Actual -10.5%, Expected -10.0%, Previous 31.0% (revised).
- **AU:** Melbourne Institute Inflation Gauge (Apr) – Actual 4.3%, Previous 4.3%.
- **AU:** ANZ Job Ads (MoM, Apr) – Actual -0.8%, Previous -3.2% (revised).
- **AU:** ANZ Roy Morgan Consumer Sentiment (w/e 2 May) – Actual 67.2, Previous 67.8.

Economic Data Preview

- **AU:** RBA Monetary Policy Board Decision (Cash Rate Target) – Expected 4.35%, Previous 4.10%.
- **AU:** RBA Statement on Monetary Policy (May).
- **AU:** Public Appearance by RBA Governor Michele Bullock.
- **AU:** Household Spending (MoM, Mar) – Expected 1.8%, Previous 0.3%.
- **US:** ISM Services PMI (Apr) – Expected 53.7, Previous 54.0.
- **US:** JOLTS Job Openings (Mar) – Expected 6.8m, Previous 6.9m.