

Interest Rates			FX			Commodities		
Australia		Δ bp	AUD/USD	0.7214	0.8%	WTI Crude Oil	101.31	-\$3.79
90-day Bill	4.44	5	AUD/JPY	113.70	1.0%	Brent Crude Oil	108.91	-\$5.03
3-year Bond	4.65	-3	AUD/EUR	0.6155	0.5%	Mogas95*	129.39	-\$3.51
10-year Bond	4.98	-3	AUD/GBP	0.5314	0.4%	CRB Index	398.45	-2.61
			AUD/NZD	1.2202	-0.1%	Gold	4609.87	\$88.97
			AUD/CNY	4.9083	0.1%	Silver	74.01	\$1.38
US			EUR/USD	1.1719	0.3%	Iron Ore (61% Fe)**	108.55	\$0.45
2-year	3.94	-1	USD/JPY	157.61	0.2%	Iron Ore (25-26 Average)	103.62	\$0.02
10-year	4.42	-1	USD/CNY***	6.8281	0.0%	Copper	13134.50	\$138.00
			RBA Policy			Equities		
Other 10-year			O/N Cash Rate Target	4.35		ASX200	8734	92
Japan***	2.52	0	Interbank O/N Cash Rate	4.35		Dow Jones	49298	356
Germany	3.06	-2	Probability of a 25bps Hike in Jun	17.1%		S&P500	7259	58
UK	5.06	10	RBA Bond Holdings (30 Apr)	A\$230.3b		Stoxx600	610	4
						CSI300***	4807	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.

As expected, [the RBA](#) increased the cash rate by 25bps to 4.35% yesterday, reflecting the actual and anticipated rise in inflation. The decision was by a majority, with one dissenter, who preferred to keep the cash rate unchanged at 4.10%.

The updated macroeconomic projections in the Statement on Monetary Policy show that, while the central bank expects headline and trimmed mean inflation to rise to 4.8% and 3.8% in mid-2026, respectively, both rates are forecast to start returning towards the target range over the following year, reaching the mid-point of this range by mid-2027 for headline inflation and mid-2028 for trimmed mean.

The forecasts were prepared under the assumption of a quick resolution of the Middle East conflict and one more cash rate hike to 4.65%. The RBA has developed two separate adverse scenarios, showing higher inflation on the one hand and slower growth due to the energy price shock on the other.

At the press conference, RBA Governor Michele Bullock acknowledged the risks from the Middle East crisis but also hinted that – following three rate hikes in this cycle – the RBA is well-positioned to focus on both sides of its mandate. The guidance in the post-meeting statement remained largely unchanged, with decisions remaining data dependent.

Commonwealth bond yields declined slightly after the RBA decision was announced and further during the press conference. However, the improvement in global market sentiment overnight pushed the Australian dollar higher against the major currencies, following an insignificant depreciation yesterday afternoon. The ASX 200, which ebbed by 0.2% yesterday, opened higher this morning.

Yesterday also saw the publication of the [household spending indicator](#), which showed that – so far – consumption is quite resilient to the energy price shock, with a 1.6% nominal increase in March and a 0.7% rise in volumes in Q1.

Offshore, US stocks rose overnight, while oil prices retreated, as US officials confirmed that the ceasefire with Iran holds and hostilities in the Middle East did not escalate. After the market close, US President Donald Trump said that the US military would pause its attempts to guide vessels across the Strait of Hormuz and that the US blockade will remain in place.

From the US data released overnight, the ISM services PMI declined by 0.4pts to 53.6 (above 50 = expansion), with report details pointing to a deceleration in new orders growth, elevated prices paid inflation, and further, albeit slower, contraction in employment. A separate report from the Bureau of Labor Statistics showed a slight decline in JOLTS job openings, which remained below the number of officially unemployed in the US.

Economic Data Review

- **AU:** Household Spending (MoM, Mar) – Actual 1.6%, Expected 1.8%, Previous 0.3%.
- **US:** ISM Services PMI (Apr) – Actual 53.6, Expected 53.7, Previous 54.0.
- **US:** JOLTS Job Openings (Mar) – Actual 6.9m, Expected 6.8m, Previous 6.9m.

Economic Data Preview

- **AU:** Living of Cost Indices (Q1).
- **CH:** RatingDog Services PMI (Apr) – Expected 52.0, Previous 52.1.
- **US:** ADP Employment (monthly change, Apr) – Expected 70k, Expected 62k.