

Interest Rates			FX			Commodities		
Australia		Δ bp	AUD/USD	0.7179	0.3%	WTI Crude Oil	94.58	\$2.71
90-day Bill	4.47	1	AUD/JPY	114.80	0.4%	Brent Crude Oil	96.88	\$2.00
3-year Bond	4.57	2	AUD/EUR	0.6174	0.3%	Mogas95*	113.13	\$2.60
10-year Bond	4.92	2	AUD/GBP	0.5332	0.2%	CRB Index	388.98	3.07
			AUD/NZD	1.2111	0.2%	Gold	4483.99	-\$3.14
			AUD/CNY	4.8558	0.2%	Silver	75.01	\$0.03
US			EUR/USD	1.1628	0.0%	Iron Ore (61% Fe)**	104.75	-\$0.40
2-year	4.05	1	USD/JPY	159.91	0.1%	Iron Ore (25-26 Average)	103.95	\$0.00
10-year	4.46	0	USD/CNY	6.7638	0.0%	Copper	14040.50	\$208.50
			RBA Policy			Equities		
			O/N Cash Rate Target	4.35		ASX200	8752	114
			Interbank O/N Cash Rate	4.35		Dow Jones	51308	229
Other 10-year			Probability of a 25bps Hike in Jun	0.0%		S&P500	7610	10
Japan	2.60	-10	RBA Bond Holdings (29 May)	A\$229.8b		Stoxx600	625	4
Germany	2.98	-3				CSI300	4915	70
UK	4.86	-4						

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

**Iron ore is the second SGX futures contract.

Wall Street saw more record highs last night, despite consistently mixed messages about the conflict in the Middle East. There are press reports about attack attempts in Iran, Bahrain and Kuwait. Strikes have also been exchanged between Israel and Lebanese group Hezbollah, while Israel-Lebanon talks resumed in the US last night. The conflicting messages about the war pushed oil prices higher overnight, but Brent and WTI futures remain below US\$100 a barrel.

The Australian dollar has appreciated against all the major currencies since yesterday morning, while Commonwealth bond yields picked up slightly across the yield curve. The ASX 200 closed 0.1% lower yesterday, with gains and losses almost equally spread across sectors, before opening in black this morning.

Data-wise, US JOLTS job openings unexpectedly bounced to 7.6m in April, which is the highest level in around two years and slightly above the level of the officially unemployed. However, one month's worth of data is not enough to determine that US labour market conditions are tightening again.

Across the Atlantic, euro area annual headline HICP inflation rose to 3.2% in April, as expected, while annual core inflation picked up to 2.4%, slightly less than expected. Both measures are inconsistent with the ECB's goal of 'below but close to 2%'. The ECB is widely expected to deliver an interest rate hike at its meeting next week.

In Australia, [dwelling approvals](#) declined by 3.4% in April, more than the 1.6% expected by the markets, with private sector house approvals down by 1.0%. Despite the recent declines, building permits are 10.2% higher than a year ago.

The [current account](#) deficit widened to a record level of A\$27.1b in Q1, mainly reflecting the trade balance turning negative for the first time since late 2017 amid a drop in iron ore export values and a surge in fuel imports.

From other Australian news, the Fair Work Commission released its annual wage review yesterday, increasing the minimum wage by 6% and the minimum award wage by 4.75%, which compares to a 3.5% increase for both categories a year ago. The decision will be effective from 1 July 2026, and these arrangements encompass around 10% of Australian employees, meaning that the impacts of the decision on the wage price index will be limited.

RBA Monetary Policy Board member Ian Harper was speaking yesterday morning, reiterating that inflation pressures that the central bank intends to fend off with recent tightening are partly homegrown, stemming from capacity pressures ahead of the war in the Middle East. He was also the second RBA official within a week to highlight the importance of long-term inflation expectations remaining well-anchored.

Economic Data Review

- **AU:** Current Account Balance (Q1) – Actual -A\$27.1b, Expected -A\$23.4b, Previous -US\$23.0b (revised).
- **AU:** Dwelling Approvals (MoM, Apr) – Actual -3.4%, Expected -1.6%, Previous -10.5%.
- **US:** JOLTS Job Openings (Apr) – Actual 7.6m, Expected 6.9m, Previous 6.9m.

Economic Data Preview

- **AU:** GDP (QoQ, Q1) – Expected 0.4%, Previous 0.8%.
- **CH:** RatingDog Services PMI (May) – Expected 52.2, Previous 52.6.
- **US:** ISM Services PMI (May) – Expected 53.8, Expected 53.6.
- **US:** ADP Employment (monthly change, May) – Expected 120k, Previous 109k.
- **US:** Beige Book.