

Interest Rates (%)			FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.6575	-0.1%	WTI Crude Oil	67.04	-\$0.21
	90-day Bill	3.58	AUD/JPY	95.08	0.7%	Brent Crude Oil	68.77	-\$0.13
	3-year Bond	3.36	AUD/EUR	0.5588	0.3%	Mogas95*	78.31	-\$0.08
	10-year Bond	4.21	AUD/GBP	0.4813	-0.2%	CRB Index	299.93	-0.78
US			AUD/NZD	1.0814	0.1%	Gold	3329.23	-\$16.56
	2-year	3.88	AUD/CNY	4.7107	-0.1%	Silver	36.73	\$0.35
	10-year	4.35	EUR/USD	1.1767	-0.3%	Iron Ore (62% Fe)**	96.75	\$1.25
			USD/JPY	144.61	0.8%	Iron Ore (25-26 Average)	95.40	\$1.73
Other 10-year			USD/CNY	7.1706	0.1%	Copper	9954.50	-\$58.50
			RBA Policy			Equities		
			O/N Cash Rate Target	3.85		ASX200	8606	19
			Interbank O/N Cash Rate	3.84		Dow Jones	44829	344
Japan	1.46	1	Probability of a 25bps Cut in Jul	94.3%		S&P500	6279	52
Germany	2.62	-5	RBA Bond Holdings (30 Jun)	A\$276.4b		Stoxx600	544	3
UK	4.54	-7				CSI300	3968	24

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

**Iron ore is the second SGX futures contract.

The S&P 500 rose to a fresh record high, as US labour market figures exceeded expectations. After the market closed, the US House of Representatives passed the 'One Big Beautiful Bill'. The significant tax cuts incorporated in the bill add to the already elevated concerns over the US fiscal position. This, along with less pressure on the Fed to cut rates after the upside surprise to jobs figures, led to a rise in US Treasury yields.

The Australian dollar slipped versus the stronger greenback and British pound, while appreciating against the Japanese yen and euro. Commonwealth bond yields rose less than their US equivalents. The ASX 200 ebbed by 0.2% from a record high yesterday, with declines in most sectors being partly offset by gains in materials, healthcare, and energy.

US non-farm payrolls rose by 147k in June, significantly more than the 106k expected by the markets, though half of the increase came from government jobs, while growth in private payrolls disappointed. The US unemployment rate fell 0.1ppts to 4.1%, but this came amid a 0.1ppts decline in the participation rate to 62.3%, which is the lowest level since December 2022. Growth in average hourly earnings slowed to 0.2% MoM and 3.7% YoY.

On a more positive note, separate set of data showed that US initial jobless claims declined to 233k last week, taking the four-week average down to 242k.

The US ISM services rose 0.9pts to 50.8 in June (above 50 = expansion), signalling renewed growth in activity in the largest sector of the US economy. The details of the report pointed to fresh expansion in new orders, including export orders, but also contraction in employment and elevated – even if somewhat lower – prices paid inflation. The survey responses were mixed, but the impact of tariffs on business costs and prices was stressed several times.

Across the Pacific, the Chinese Caixin services PMI declined 0.5pts to 50.6 in June, with details of the report pointing to a rise in new orders, but a decline in employment. Input costs continued to climb, driven among others by higher fuel costs, but this was absorbed by businesses, which cut their output charges even further. At the same time, the rebound in manufacturing took the Caixin composite PMI back into expansion in June (+1.7pts to 51.3).

In Australia, goods trade balance declined to A\$2.2b in May, from the downwardly revised A\$4.9b in the previous month. The decline was caused by both a 2.7% fall in exports and a 3.8% rise in imports. The fall in exports was concentrated in other mineral fuels (mainly LNG), while metal ores and minerals (mainly iron ore) saw an increase, driven by lower volumes. The rise in imports was broad-based, with the strongest increase recorded in capital goods. Global trade tensions are largely absent from the data at the stage.

Economic Data Review

- **AU:** Trade Balance (May) – Actual A\$2.2b, Expected A\$5.0b, Previous A\$4.9b (revised).
- **CH:** Caixin Services PMI (MoM, Jun) – Actual 50.6, Expected 50.9, Previous 51.1.
- **US:** ISM Services PMI (Jun) – Actual 50.8, Expected 50.7, Previous 49.9.
- **US:** Non-farm Payrolls (monthly change, Jun) – Actual 147k, Expected 106k, Previous 144k (revised).
- **US:** Unemployment Rate (Jun) – Actual 4.1%, Expected 4.3%, Previous 4.2%.
- **US:** Initial Jobless Claims (w/e 28 Jun) – Actual 233k, Expected 241k, Previous 237k (revised).

Economic Data Preview

- **AU:** Household Spending Indicator (MoM, May) – Expected 0.5%, Previous 0.1%.