

Interest Rates			FX			Commodities		
<b>Australia</b>		$\Delta$ bp	AUD/USD	0.7129	-0.7%	WTI Crude Oil	90.39	-\$2.79
90-day Bill	4.44	-1	AUD/JPY	113.76	-0.4%	Brent Crude Oil	96.15	-\$3.02
3-year Bond	4.54	-2	AUD/EUR	0.6134	-0.5%	Mogas95*	114.26	-\$4.65
10-year Bond	4.91	0	AUD/GBP	0.5314	-0.4%	CRB Index	381.17	-7.16
			AUD/NZD	1.2092	-1.5%	Gold	4445.81	-\$73.71
			AUD/CNY	4.8396	-0.5%	Silver	74.50	-\$2.93
<b>US</b>			EUR/USD	1.1621	-0.1%	Iron Ore (61% Fe)**	104.90	-\$0.25
2-year	4.06	3	USD/JPY	159.56	0.2%	Iron Ore (25-26 Average)	103.94	\$0.01
10-year	4.50	2	USD/CNY	6.7792	-0.1%	Copper	13531.00	-\$92.50
			RBA Policy			Equities		
<b>Other 10-year</b>			O/N Cash Rate Target	4.35		ASX200	8630	-18
Japan	2.72	-2	Interbank O/N Cash Rate	4.35		Dow Jones	50644	183
Germany	2.99	1	Probability of a 25bps Hike in Jun	0.0%		S&P500	7520	1
UK	4.86	-2	RBA Bond Holdings (30 Apr)	A\$230.3b		Stoxx600	628	0
						CSI300	4908	-40

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

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

Mixed messages about the US-Iran conflict were reflected in a quite choppy session on Wall Street last night, with the S&P 500 and Nasdaq closing virtually flat.

US Secretary of State Marco Rubio repeated that there was 'some progress' in talks between the parties, but US President Donald Trump said he was not satisfied with the talks and hinted that there could be more decisive military action by the US. Local media reported this morning that there were explosions heard again in southern parts of Iran. On the other front of this war, Israel appears to be resuming a ground invasion of southern Lebanon.

Despite the above, oil prices resumed declining, with Brent futures falling reaching the lowest level since mid-April. US Treasury yields picked up, however, on some hawkish Fed speak this morning.

In other central bank news, the RBNZ left its official cash rate target at 2.25% yesterday, but released a projection suggesting a 25bps hike in Q3, followed by two more over the coming year, and the policy rate rising to 3.25% in 2028. Market expectations are for more aggressive tightening ahead, with a peak at over 4.00% in mid-2027.

At home, a downside surprise to domestic headline inflation led to a scaling back of cash rate hike expectations. At the time of writing, a cash rate hike in 2026 is priced in with a 90% probability, which compares to full pricing before the release. The decline in cash rate expectations dragged down 3-year Commonwealth bond yields and the Australian dollar. The ASX 200 rose by 0.7% yesterday, but opened sharply lower this morning.

The annual rate of Aussie [headline consumer price inflation](#) declined by 0.4ppts to 4.2% in April, with most of the decline coming from the impacts of the fuel excise cut. This was a downside surprise to market participants, who expected a smaller decline to 4.4%. Annual trimmed mean inflation unexpectedly ticked up to 3.4% in April (the RBA's main focus remains on quarterly, not monthly trimmed mean series).

The ABS also released construction work done data for Q1 yesterday, showing a solid 3.4% gain, which followed an upwardly revised outcome for Q4 2025 (+0.2% against the initially estimated -0.1%). The increase was driven mainly by engineering work done (+6.9%), while building work done saw a much smaller gain of 0.6%, with a 0.6% decline in residential building and a 2.5% gain in non-residential building.

Speaking last night, RBA Monetary Policy Board member Carolyn Hewson judged that the conflict in the Middle East has had moderate impacts on household behaviour, but highlighted the risk of second round effects and underscored the importance of keeping inflation expectations anchored.

Moody's has re-affirmed Western Australia's 'AAA' long-term issuer rating yesterday, with the outlook remaining stable.

### Economic Data Review

- **AU:** CPI (YoY, Apr) – Actual 4.2%, Expected 4.4%, Previous 4.6%.
- **AU:** Construction Work Done (QoQ, Q1) – Actual 3.4%, Expected 0.8%, Previous 0.2% (revised).

### Economic Data Preview

- **AU:** Household Spending Indicator (MoM, Apr) – Expected -0.5%, Previous 1.6%.
- **AU:** Private Sector Capex (QoQ, Q1) – Expected 1.0%, Previous 0.4%.
- **US:** PCE Price Index (MoM, Apr) – Expected 0.5%, Previous 0.7%.
- **US:** Durable Goods Orders (MoM, Apr) – Expected 4.0%, Previous 0.8%.