

Interest Rates			FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.6428	-0.2%	WTI Crude Oil	69.36	-\$1.02
90-day Bill	3.69	1	AUD/JPY	96.81	0.6%	Brent Crude Oil	71.83	-\$1.68
3-year Bond	3.44	2	AUD/EUR	0.5626	-0.2%	Mogas95*	80.51	-\$2.04
10-year Bond	4.29	1	AUD/GBP	0.4867	0.1%	CRB Index	299.78	-5.46
			AUD/NZD	1.0916	0.0%	Gold	3289.62	\$1.95
			AUD/CNY	4.6303	0.0%	Silver	36.68	-\$0.45
US			EUR/USD	1.1424	-0.1%	Iron Ore (62% Fe)**	100.35	-\$0.65
2-year	3.95	1	USD/JPY	150.64	0.9%	Iron Ore (25-26 Average)	99.65	-\$0.05
10-year	4.37	1	USD/CNY	7.2000	0.0%	Copper	9611.00	-\$87.50
			RBA Policy			Equities		
			O/N Cash Rate Target		3.85	ASX200	8654	-62
			Interbank O/N Cash Rate		3.84	Dow Jones	44131	-330
Other 10-year			Probability of a 50bps Cut in Aug		48.9%	S&P500	6339	-24
Japan	1.55	-2	RBA Bond Holdings (30 Jun)		A\$276.4b	Stoxx600	546	-4
Germany	2.70	-1				CSI300	4076	-76
UK	4.57	-3						

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

**Iron ore is the second SGX futures contract.

US stock prices extended their losses overnight, dragged down by tariff concerns ahead of the 1 August deadline for negotiations. The White House has said that the minimum tariff rate will remain at 10%, opting not to increase it to 15-20% as previously indicated. They also released an updated list of tariff rates for a range of countries, which did not include Australia; this implies that it is still subject to a 10% baseline tariff rate.

The updated tariff list did not include Mexico or Canada, either. In the case of Mexico, a deadline for negotiations was extended by another 90 days. In the case of Canada, US President Donald Trump signed a separate order increasing the tariff rate to 35%, effective on 1 August. President Trump also exempted most of copper forms from the 50% tariff.

The Australian dollar exchange rates were mixed, with depreciation against the stronger greenback. Commonwealth bond yields followed their US equivalents higher. The ASX 200 closed 0.1% lower yesterday, dragged down by a slump in materials, while most other sectors saw gains, before opening in the red this morning.

Data-wise, the US PCE price index rose by 0.3% in June, taking the annual rate of PCE inflation up to 2.6%, while annual core inflation remained to 2.8% in June. The annual rates overshot market expectations and remain above the Fed's goal of 2%. US personal spending rose by 0.3% in nominal terms, but by just 0.1% in real terms.

Across the Pacific, the Chinese NBS composite PMI declined by 0.5pts to 50.2 in July (above 50 = expansion). The report pointed to further contraction in manufacturing, stagnation in services, and marginal expansion in construction.

The Bank of Japan left its policy interest rate unchanged at 0.50%, as expected, but warned about the upside risks to prices from tariffs as well as changing price and wage-setting behaviour. Markets expect the BoJ to stay put in 2025.

At home, the last [retail sales](#) report surprised to the upside, printing a 1.2% gain in nominal terms in June and a 0.3% increase for the entirety of Q2 in real terms. The upside surprise was thanks to end-of-financial-year sales and, to a lesser extent, a release of a new gaming product. Acceleration in personal credit, which could be related to increased consumer spending, supported a slight upside surprise in private sector credit growth in June (0.6% vs 0.5%).

From domestic housing data, [dwelling approvals](#) rose by 11.9% in June, reaching the highest level since August 2022. The June gain was supported by a 33.1% surge in unit approvals, while private sector house approvals fell by 2.0%. The Cotality home value index rose by another 0.6% in July, with Perth prices gaining 0.9%.

The international price indices were also released yesterday, showing a decline in export and import prices of 4.5% and 0.8%, respectively. The terms of trade appear to have eased to the lowest level since Q1 2021.

Economic Data Review

- **AU:** Retail Trade (MoM, Jun) – Actual 1.2%, Expected 0.4%, Previous 0.5% (revised).
- **AU:** Private Sector Credit (MoM, Jun) – Actual 0.6%, Expected 0.5%, Previous 0.6% (revised).
- **AU:** Dwelling Approvals (MoM, Jun) – Actual 11.9%, Expected 2.9%, Previous 2.2% (revised).
- **AU:** Cotality Home Value Index (MoM, Jul) – Actual 0.6%, Previous 0.6%.

Economic Data Preview

- **US:** ISM Manufacturing PMI (Jul) – Expected 49.5, Previous 49.0.
- **US:** Non-farm Payrolls (monthly change, Jul) – Expected 104k, Previous 147k.
- **US:** Unemployment Rate (Jul) – Expected 4.2%, Previous 4.1%.