

Interest Rates (%)			FX		Commodities US\$			
Australia		Δ bp	AUD/USD	0.7760	0.6%	WTI Crude Oil	64.65	\$0.99
90-day Bill	0.04	0	AUD/JPY	84.62	0.3%	Brent Crude Oil	67.66	\$0.83
3-year Bond	0.11	0	AUD/EUR	0.6434	0.3%	Mogas95*	75.35	-\$1.50
10-year Bond	1.68	-2	AUD/GBP	0.5581	0.0%	CRB Index	200.85	1.09
			AUD/NZD	1.0776	0.1%	Gold	1791.90	\$23.99
			AUD/CNY	5.0230	0.6%	Silver	26.87	\$1.02
US			EUR/USD	1.2059	0.3%	Iron Ore (62% Fe)**	183.36	\$3.72
2-year	0.16	0	USD/JPY	109.05	-0.2%	Iron Ore (20-21 Average)	139.34	\$0.21
10-year	1.60	-3	USD/CNY	6.4730	0.0%	Copper	9825.00	\$0.00
			RBA Policy		Equities			
Other 10-year			O/N Cash Rate Target	0.10%	ASX200	7029	3	
Japan	0.10	0	Interbank O/N Cash Rate	0.03%	Dow Jones	34113	238	
Germany	-0.21	0	RBA Bond Purchases (YCC)***	A\$79.3b	S&P500	4193	12	
UK	0.84	0	RBA Bond Purchases (QE)***	A\$117.0b	Stoxx600	440	3	
					CSI300	5123	0	

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

**Iron ore is the second SGX futures contract.

***YCC stands for the yield curve control policy. QE stands for quantitative easing (the RBA's bond buying program).

US and European share markets picked up overnight, followed mixed results in Asia. The ASX 200 closed flat yesterday but has opened higher this morning. The Australian dollar appreciated against all the major currencies, particularly versus the weaker US dollar. Long-term government bond yields declined in the US and Australia. Industrial commodity prices are generally higher.

US equities climbed overnight, however, the early gains were trimmed following the release of the ISM manufacturing index which surprised to the downside. The headline index pointed to slower manufacturing growth rather than the slight acceleration expected by market participants, with output restricted by ongoing supply constraints due to COVID-19 disruptions. The backlog of orders index hit a record high (since 1993). Employment growth slowed, while the new orders index also declined but still signalled solid growth ahead.

The COVID-19 disruptions continued to translate into faster growth in prices. The price subindex rose again, to reach the highest level since July 2008.

In his speech overnight, US Fed Chair Jerome Powell said that, despite the progress in recovery, the US economy is 'not out of the woods yet'. Chair Powell cited the Fed's Survey of Household Economics and Decisionmaking, which points to an uneven recovery across different demographic groups.

The global PMI pointed to the fastest increase in manufacturing in over a decade. Producer price growth was also the fastest in 10 years, while the output charges rose at the fastest pace on record (since October 2009).

In Australia, job ads rose another 4.7% in April, following an upwardly revised increase of 7.8% in March. This was the 11th rise in a row, which took the number of job advertisements to 27.8% above the pre-pandemic levels.

Today's domestic calendar will be quite busy, with the RBA decision as well as March housing finance numbers and international trade report due. No changes in the RBA's monetary policy settings are expected this time, yet market participants will try to distil any hints about a possible future change to the 3-year target bond. A quiet day offshore, with final US durable goods orders for March being the only report of much interest.

ECONOMIC DATA REVIEW

- **AU:** Melbourne Institute Inflation (MoM, Apr) – Actual 0.4%, Previous 0.4%.
- **AU:** ANZ Job Ads (MoM, Apr) – Actual 4.7%, Previous 7.8% (revised).
- **AU:** Commodity Price Index (YoY, Apr) – Actual 34.7%, Previous 28.2%.
- **US:** ISM Manufacturing (Apr) – Actual 60.7, Expected 65.0, Previous 64.7.

ECONOMIC DATA PREVIEW

- **AU:** RBA Decision (cash rate, May) – Expected 0.10%, Previous 0.10%.
- **AU:** Housing Finance (MoM, Mar) – Previous -0.4%.
- **AU:** Trade Balance (Mar) – Expected A\$8.0b, Previous A\$7.5b.

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