

Interest Rates (%)			FX		Commodities US\$			
Australia		Δ bp	AUD/USD	0.7345	0.1%	WTI Crude Oil	70.32	\$3.48
90-day Bill	0.03	0	AUD/JPY	80.95	0.4%	Brent Crude Oil	72.27	\$3.22
3-year Bond	0.27	2	AUD/EUR	0.6229	0.0%	Mogas95*	79.97	-\$3.18
10-year Bond	1.22	2	AUD/GBP	0.5361	-0.4%	CRB Index	212.98	3.99
			AUD/NZD	1.0556	-0.3%	Gold	1802.10	-\$6.22
			AUD/CNY	4.7496	-0.1%	Silver	25.23	\$0.29
US			EUR/USD	1.1787	0.1%	Iron Ore (62% Fe)**	206.55	-\$6.24
2-year	0.21	1	USD/JPY	110.19	0.3%	Iron Ore (21-22 Average)	208.97	-\$0.17
10-year	1.29	6	USD/CNY	6.4664	-0.3%	Copper	9347.00	\$11.00
			RBA Policy		Equities			
Other 10-year			O/N Cash Rate Target	0.10%		ASX200	7356	21
Japan	0.02	1	Interbank O/N Cash Rate	0.03%		Dow Jones	34798	286
Germany	-0.39	3	RBA Bond Purchases (YCC)***	A\$79.3b		S&P500	4359	36
UK	0.61	5	RBA Bond Purchases (QE)***	A\$167.0b		Stoxx600	454	7
						CSI300	5144	35

*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).

Global market sentiment continued to improve overnight, with US and European share markets posting significant increases. US Treasury yields picked up, particularly at the long end of the yield curve. Oil prices gained again, despite news of the first rise in US oil inventories since May. Iron ore futures dropped on ongoing concerns over steel output controls in China.

Better global market sentiment saw the Australian dollar bounce from its multi-month lows. Concerns over the COVID-19 outbreaks and lockdowns across the country weighed on long-term Commonwealth bond yields, which rose less than their US equivalents.

New South Wales reported 110 new cases of COVID-19, including 43 cases of people infectious while in the community. This morning, the Victorian government reported 26 locally acquired cases, the most since the current outbreak began.

Yesterday, Prime Minister Scott Morrison said in his press conference that claims for assistance have reached 70k per day, with 450k support grants already paid in New South Wales alone. In addition, state government support to companies impacted by the lockdown has been increased. Yesterday, the Victorian government expanded its support for businesses impacted by the lockdown, while South Australia introduced A\$3,000 grants for small and medium businesses suffering significant loss.

Meanwhile, the June lockdowns in most Australian capital cities have taken their toll on private consumption. According to preliminary data published by the ABS yesterday, retail sales fell by 1.8% last month, well in excess of the consensus expectation for a 0.4% fall in the Reuters survey.

Yesterday, the RBA bought another A\$1.0b of semi-government bonds, including A\$94m of WATC bonds.

Today, Australia will see the release of the preliminary merchandise trade report for June and payroll jobs and wages for the turn of June and July, which will give the first glimpse into the impact of lockdowns on the domestic labour market. The flash PMI report for July is scheduled for tomorrow morning, giving insights into the broader damage to economic activity from the lockdowns. Offshore, tonight will see the ECB deliver its first decision after the central bank changed its definition of price stability.

ECONOMIC DATA REVIEW

- **AU:** Retail Trade (MoM, Jun, prelim.) – Actual -1.8%, Expected -0.4%, Previous 0.4%.
- **JP:** Trade Balance (Jun) – Actual ¥382.2b, Expected ¥460.0b, Previous -¥189.4b (revised).

ECONOMIC DATA PREVIEW

- **AU:** Merchandise Trade Surplus (Jun) – Previous A\$13.3b.
- **AU:** Payroll Jobs (w/e 3 Jul) – Previous 0.3%.
- **AU:** PMI Composite (Jul, flash) – Previous 56.7 (tomorrow).
- **EZ:** ECB Decision (Deposit Rate) – Expected -0.50%, Previous -0.50%.

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