

Interest Rates (%)			FX			Commodities US\$			
Australia		Δ bp	AUD/USD	0.6365	0.5%	WTI Crude Oil	62.88	\$1.44	
	90-day Bill	4.01	1	AUD/JPY	90.59	0.2%	Brent Crude Oil	66.18	\$1.38
	3-year Bond	3.33	-2	AUD/EUR	0.5596	0.0%	Mogas95*	75.15	\$1.79
	10-year Bond	4.29	-4	AUD/GBP	0.4816	0.7%	CRB Index	292.70	3.40
			AUD/NZD	1.0740	0.0%	Gold	3348.02	\$84.11	
			AUD/CNY	4.6467	0.1%	Silver	32.88	\$0.45	
US			EUR/USD	1.1376	0.5%	Iron Ore (62% Fe)**	98.15	\$0.35	
	2-year	3.79	-2	USD/JPY	142.36	-0.3%	Iron Ore (24-25 Average)	101.79	-\$0.02
	10-year	4.29	-3	USD/CNY	7.2997	-0.2%	Copper	9203.50	\$39.50
			RBA Policy			Equities			
Other 10-year			O/N Cash Rate Target		4.10	ASX200	7769	21	
			Interbank O/N Cash Rate		4.09	Dow Jones	39669	-700	
	Japan	1.29	-1	Probability of a 50bps Cut in May		70.5%	S&P500	5276	-121
	Germany	2.51	-2	RBA Bond Holdings (31 Mar)		A\$297.4b	Stoxx600	507	-1
	UK	4.60	-4				CSI300	3773	12

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

**Iron ore is the second SGX futures contract.

US stocks dropped last night, while the US dollar fell to a fresh three-year low, as Fed Chair Jerome Powell dashed hopes for an imminent support from the Fed. The declines were led by info tech, more specifically semiconductors, dragged down by news that the US administration had barred Nvidia from selling one of its chips in China. The WTO estimates that the tariffs could see China-US trade drop by 81-91% which did not help the sentiment, either.

Fed Chair Jerome Powell said that, while the effects of tariff policies will likely move the US economy away from the FOMC's employment and inflation goals, price stability is a 'pre-requisite' to the employment goal. He added that the inflation effects from tariffs could turn more persistent, which would justify caution about further rate cuts. He assessed that the markets are functioning well for the time being, which means that there is no need for any emergency action.

The greenback's weakness saw the AUD/USD move higher overnight, but the scale of AUD's appreciation versus the Japanese yen was quite small. Commonwealth bond yields declined, with slightly larger declines at the back end of the curve. The ASX 200 closed flat yesterday, before opening slightly lower this morning.

In commodity markets, the gold price surged to yet another record high, while oil prices and iron ore futures also rose.

Data-wise, US retail sales surged by 1.4% in March, in line with market expectations, with most of the increase coming from a 5.3% bounce in motor vehicles and parts amid panic buying ahead of the tariffs. US industrial production fell by 0.3% in March, due to a 5.8% drop in utilities, while manufacturing saw a 0.3% gain and mining activity picked up by 0.6%; in both cases this was slower than in February.

On the other side of the Pacific and the trade war, Chinese GDP beat expectations, with solid 5.4% YoY growth in Q1. The expansion was led by 6.5% growth in industrial enterprises, including a 7.1% rise in manufacturing output. Service sector growth was 5.3% YoY and agricultural output rose by 4.0%.

The Chinese monthly indicators for March saw industrial production growth accelerate to 5.9% YoY YtD, with steel output climbing to 92.8 million tonnes, its highest level since May 2024. Retail sales growth accelerated 0.6ppts to 4.6% YoY YtD, while urban fixed asset investment growth was relatively steady at 4.2% YoY YtD, although property investment remained in the doldrums, down by 9.9% YoY YtD.

Economic Data Review

- **CH:** GDP (YoY, Q1) – Actual 5.4%, Expected 5.2%, Previous 5.4%.
- **CH:** Retail Sales (YoY YtD, Mar) – Actual 4.6%, Expected 4.3%, Previous 4.0%.
- **CH:** Industrial Production (YoY YtD, Mar) – Actual 6.5%, Expected 5.9%, Previous 5.9%.
- **CH:** Urban Fixed Asset Investment (YoY YtD, Mar) – Actual 4.2%, Expected 4.1%, Previous 4.1%.
- **US:** Retail Sales (MoM, Mar) – Actual 1.4%, Expected 1.4%, Previous 0.2%.
- **US:** Industrial Production (MoM, Mar) – Actual -0.3%, Expected -0.2%, Previous 0.8% (revised).

Economic Data Preview

- **AU:** Employment (Monthly Change, Mar) – Expected 40.0k, Previous -52.8k.
- **AU:** Unemployment Rate (Mar) – Expected 4.2%, Previous 4.1%.
- **NZ:** CPI (QoQ, Q1) – Expected 0.8%, Previous 0.5%.
- **EZ:** ECB Decision (Deposit Facility Rate) – Expected 2.25%, Previous 2.50%.