

Interest Rates (%)			FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.6765	0.2%	WTI Crude Oil	83.03	\$0.57
90-day Bill	4.46	0	AUD/JPY	107.48	-1.5%	Brent Crude Oil	85.71	\$0.29
3-year Bond	4.07	-2	AUD/EUR	0.6223	-0.2%	Mogas95*	96.01	\$1.39
10-year Bond	4.35	-1	AUD/GBP	0.5237	-0.3%	CRB Index	290.41	0.70
			AUD/NZD	1.1112	0.2%	Gold	2412.40	\$39.38
			AUD/CNY	4.9075	0.0%	Silver	31.32	\$0.47
US			EUR/USD	1.0871	0.3%	Iron Ore (62% Fe)**	107.20	\$0.75
2-year	4.52	-10	USD/JPY	158.87	-1.6%	Iron Ore (24-25 Average)	109.64	\$0.00
10-year	4.21	-7	USD/CNY	7.2579	-0.2%	Copper	9786.50	-\$118.50
			RBA Policy			Equities		
			O/N Cash Rate Target	4.35		ASX200	7948	65
			Interbank O/N Cash Rate	4.34		Dow Jones	39754	32
Other 10-year			Probability of a 25bps Hike in Aug	22.3%		S&P500	5585	-49
Japan	1.07	-2	RBA Bond Holdings (30 June)	A\$314.3b		Stoxx600	520	3
Germany	2.46	-7				CSI300	3468	39
UK	4.07	-5						

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

**Iron ore is the second SGX futures contract.

Wall Street's performance was meagre yesterday, but US Treasury yields saw considerable declines as another encouraging US CPI report increased hopes for a September fed funds rate cut. The Dow Jones managed to close marginally up, but the S&P 500 and Nasdaq lost 0.9% and 2.2%, respectively, dragged down by drops in Nvidia and Tesla share prices.

US CPI declined by 0.1% in June, against the market consensus of a 0.1% gain, taking the annual rate of consumer price inflation to 3.0%, a level unseen in a year. Core inflation fell to 3.3%, which is the lowest since April 2021. Inflation came almost exclusively from services, with inflation for services excluding shelter remaining elevated at 5.3%. However, the June inflation report confirmed ongoing disinflation in the US, which drove fed funds rate expectations lower. The first rate cut is now fully priced in for September and three more cuts are fully priced in for January 2025.

From other US data, initial jobless claims declined to 222k last week, while continued claims remained roughly unchanged at well above 1.8 million in the week ending 29 June.

Across the Pacific, UK GDP rose by 0.4% in May, supported by a bounce in construction activity thanks to improvement in weather conditions.

The Australian dollar depreciated against all the major currencies but the weaker greenback, while Commonwealth bond yields declined less than their US equivalents. The ASX 200 reached a new record high yesterday, with gains recorded for all sectors, before opening in black this morning.

From the local data, payroll jobs rose by 0.1% over the month to 15 June, which followed a 0.4% increase for the previous month, while the annual growth rate slowed to 1.6%. Job gains were recorded only in 6 out of 19 industries, with the strongest increases in education and training (1.4%), healthcare and social assistance (1.1%) as well as public administration and safety (0.6%). At the same time, there were considerable declines in accommodation and food services (-1.3%) and construction (-0.9%). Payroll jobs are not seasonally adjusted and have been a poor indicator for the labour force survey results, which are scheduled for a release next Thursday.

ECONOMIC DATA REVIEW

- **AU:** Payroll Jobs (monthly change, 15 Jun) – Actual 0.1%, Previous 0.4%.
- **UK:** Monthly GDP (MoM, May) – Actual 0.4%, Expected 0.2%, Previous 0.0%.
- **US:** CPI (MoM, Jun) – Actual -0.1%, Expected 0.1%, Previous 0.0%.
- **US:** Initial Jobless Claims (w/e 6 Jul) – Actual 222k, Expected 235k, Previous 239k (revised).

ECONOMIC DATA PREVIEW

- **CH:** Trade Balance (Jun) – Expected US\$85.3b, Previous US\$82.6b.
- **US:** PPI (MoM, Jun) – Expected 0.1%, Previous -0.2%.
- **US:** University of Michigan Consumer Confidence (Jul, prelim.) – Expected 68.5, Previous 68.2.

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