

Interest Rates (%)			FX			Commodities US\$		
<b>Australia</b>		<b>Δ bp</b>	AUD/USD	0.6297	1.3%	WTI Crude Oil	61.66	\$1.74
	90-day Bill	4.05	AUD/JPY	90.20	1.2%	Brent Crude Oil	64.93	\$1.71
	3-year Bond	3.37	AUD/EUR	0.5545	0.9%	Mogas95*	72.91	\$1.72
	10-year Bond	4.43	AUD/GBP	0.4810	0.8%	CRB Index	290.42	5.29
<b>US</b>			AUD/NZD	1.0776	-0.3%	Gold	3222.46	\$12.52
			AUD/CNY	4.5820	0.5%	Silver	32.00	\$0.76
	2-year	3.93	EUR/USD	1.1356	0.4%	Iron Ore (62% Fe)**	97.80	\$0.75
	10-year	4.47	USD/JPY	143.26	-0.1%	Iron Ore (24-25 Average)	101.84	-\$0.02
<b>Other 10-year</b>			USD/CNY	7.2921	-0.3%	Copper	9154.50	\$166.50
			<b>RBA Policy</b>			<b>Equities</b>		
			O/N Cash Rate Target	4.10		ASX200	7701	162
			Interbank O/N Cash Rate	4.09		Dow Jones	40213	619
Japan	1.34	-1	Probability of a 50bps Cut in May	76.1%		S&P500	5363	95
Germany	2.57	-1	RBA Bond Holdings (31 Mar)	A\$297.4b		Stoxx600	487	0
UK	4.75	11				CSI300	3751	15

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

\*\*Iron ore is the second SGX futures contract.

US stocks bounced on Friday session to conclude the best week since November 2023, amid signs from the Fed that it will step in to stabilise the markets if needed. US long-term Treasury yields stabilised, but 2-year yields resumed climbing, as fed funds rate cut expectations were scaled back following another rise in US consumer inflation expectations. The US dollar continued to depreciate, to be the weakest since mid-2023.

The improved global market sentiment supported the Australian dollar, which appreciated against all the major currencies. The AUD/USD is now largely back at the levels from before the announcement of 'reciprocal' tariffs on 2 April US eastern time. Commonwealth bond yields rose roughly in line with their US equivalents. The ASX 200 closed 0.8% lower on Friday, before opening 0.7% higher this morning.

In an interview with Financial Times published on Friday, Fed President Susan Collins said that, while the markets are functioning well at the moment with no signs of liquidity constraints, the Fed is 'absolutely prepared' to act if needed. Her New York counterpart John Williams said that he expects GDP growth to slow to below 1.0%, the US unemployment rate to rise to 4.5-5.0% over the next year, and inflation to climb to 3.5-4.0%. He added that he does not see signs of an unanchoring of long-term inflation expectations, referring to New York Fed consumer expectations survey.

Meanwhile, one-year consumer inflation expectations measured by the University of Michigan bounced to 6.7%, which is the highest level since 1981. Five- to 10-year expectations ticked up to 4.4%, to be the highest since mid-1991. Consumer sentiment itself dropped by 10.9% in April, to reach the lowest level since mid-2022.

Inflation figures from before the recent tariff announcements continue to surprise to the downside, with the US PPI declining by 0.4% in March, taking the annual rate of producer price inflation to a six-month low of 2.7%. The decline was driven by energy prices.

Meanwhile, oil prices bounced back a little on Friday, but Brent futures remain well below US\$70 a barrel. Iron ore futures picked up by 1.0%. However, the global trade war concerns took the gold price to a new record high.

From tariff news, China increased its tariff on US goods to 125% in response to the supersized tariffs imposed on most Chinese imports by the US. The Trump administration announced a temporary exemption for electronics from the supersized tariffs. According to UN Comtrade statistics, the US imported US\$127b worth of electronics from China last year, which was nearly 30% of its US\$439b imports from China. European Union Commission President Ursula von der Leyen said that the EU is putting its trade countermeasures on hold for 90 days.

The domestic highlights [this week](#) include minutes from the inaugural RBA Monetary Policy Board meeting due tomorrow and the results of the March labour force survey on Thursday. Highlights offshore are Chinese Q1 GDP, Chinese March trade balance, and the US and Chinese activity data for March. The ECB and Bank of Canada are to announce their monetary policy decisions, with rate cuts expected in both cases.

### Economic Data Review

- **US:** PPI (MoM, Mar) – Actual -0.4%, Expected 0.2%, Previous 0.1% (revised).
- **US:** University of Michigan Consumer Sentiment (Apr, prel.) – Actual 50.8, Expected 55.0, Previous 57.0.

### Economic Data Preview

- **CH:** Trade Balance (Mar) – Expected US\$76b, Previous US\$171b.