

Interest Rates (%)			FX			Commodities US\$			
Australia		Δ bp	AUD/USD	0.6325	0.4%	WTI Crude Oil	61.83	\$0.17	
	90-day Bill	4.01	-3	AUD/JPY	90.75	0.6%	Brent Crude Oil	65.18	\$0.25
	3-year Bond	3.34	-3	AUD/EUR	0.5588	0.8%	Mogas95*	74.18	\$1.27
	10-year Bond	4.35	-7	AUD/GBP	0.4804	-0.1%	CRB Index	289.78	-0.64
			AUD/NZD	1.0761	-0.1%	Gold	3212.22	-\$10.24	
			AUD/CNY	4.6332	1.1%	Silver	32.21	\$0.21	
US			EUR/USD	1.1318	-0.3%	Iron Ore (62% Fe)**	97.55	-\$0.25	
	2-year	3.86	-8	USD/JPY	143.47	0.1%	Iron Ore (24-25 Average)	101.82	-\$0.02
	10-year	4.38	-10	USD/CNY	7.3095	0.2%	Copper	9187.00	\$32.50
			RBA Policy			Equities			
Other 10-year			O/N Cash Rate Target		4.10	ASX200	7768	67	
			Interbank O/N Cash Rate		4.09	Dow Jones	40525	312	
	Japan	1.37	3	Probability of a 50bps Cut in May		81.7%	S&P500	5406	43
	Germany	2.51	-6	RBA Bond Holdings (31 Mar)		A\$297.4b	Stoxx600	500	13
	UK	4.66	-9				CSI300	3759	9

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

**Iron ore is the second SGX futures contract.

The news of a temporary exemption of electronic goods from tariffs saw Wall Street open sharply higher last night, but the gains were limited during the session as US President Donald Trump announced an investigation into semiconductor and pharmaceutical imports. At the time of writing, US equity futures point to losses on Wall Street tonight. US Treasury yields declined amid more soothing comments from the Fed.

The improved global market sentiment saw the Australian dollar appreciate against all the major currencies except for the British pound. Commonwealth bond yields declined less than their US equivalents. The ASX 200 started the trading week with a broad-based 1.3% gain and has opened higher again this morning.

Speaking overnight, Fed Governor Christopher Waller called the tariffs 'one of the biggest shocks to affect the US economy for many decades', but judged that the impact on inflation, while large, will be temporary. Waller also said that the risk of recession would outweigh higher inflation risks, and that he would favour cutting interest rates sooner rather than later if a significant slowdown in the US economy threatened to push unemployment higher.

Meanwhile, New York Fed inflation expectations picked up to 3.6% for the one-year horizon, but were unchanged at 3.0% for the three-year horizon and ebbed by 0.1ppts to 2.9% for the five-year horizon. Three- and five-year inflation expectations are more relevant to monetary policy, and these are the figures that the Fed will give more attention to while assessing development of inflation expectations, even if they stand in stark contrast with the results of the more established University of Michigan consumer sentiment survey.

The New York Fed survey also suggested that 44% of households expect a rise in the unemployment rate within a year, which is the highest share since April 2020. The probability of losing a job also rose, but to a more manageable 18%.

The Chinese trade surplus unexpectedly rose to US\$103b in March from US\$32b in the previous month, (exp. US\$76b). The upside surprise was caused by the stronger-than-expected 12.4% YoY rise in exports most likely caused by US a pull forward of orders ahead of the increase in US tariffs expected on 2 April. Imports were down 4.3% YoY. Iron ore imports eased 0.3% in the month to 94 million tonnes.

ANZ Roy Morgan consumer confidence dropped by 3.0% last week, dragged down by concerns over tariffs, but inflation expectations were unchanged at 4.6%.

Economic Data Review

- AU:** ANZ Roy Morgan Consumer Sentiment (w/e 12 Apr) – Actual -3.0%, Previous 1.8%.
- CH:** Trade Balance (Mar) – Actual US\$103b, Expected US\$76b, Previous US\$32b.
- US:** New York Fed One-year Consumer Inflation Expectations (Mar) – Actual 3.6%, Expected 3.3%, Previous 3.1%.

Economic Data Preview

- AU:** RBA Monetary Policy Board Minutes.
- CH:** GDP (YoY, Q1) – Expected 5.2%, Previous 5.4%.
- CH:** Retail Sales (YoY YtD, Mar) – Expected 4.3%, Previous 4.0%.
- CH:** Industrial Production (YoY YtD, Mar) – Expected 5.9%, Previous 5.9%.
- CH:** Urban Fixed Asset Investment (YoY YtD, Mar) – Expected 4.1%, Previous 4.1%.
- US:** International Price Indices.