

Interest Rates (%)			FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.6769	0.1%	WTI Crude Oil	82.11	-\$0.92
90-day Bill	4.45	0	AUD/JPY	107.15	-0.3%	Brent Crude Oil	84.93	-\$0.78
3-year Bond	4.02	-6	AUD/EUR	0.6216	-0.1%	Mogas95*	95.61	-\$0.40
10-year Bond	4.31	-4	AUD/GBP	0.5221	-0.3%	CRB Index	290.44	0.03
			AUD/NZD	1.1105	-0.1%	Gold	2407.32	-\$5.08
			AUD/CNY	4.9187	0.2%	Silver	30.58	-\$0.74
US			EUR/USD	1.0888	0.2%	Iron Ore (62% Fe)**	109.30	-\$0.20
2-year	4.45	-6	USD/JPY	158.30	-0.4%	Iron Ore (24-25 Average)	109.62	-\$0.18
10-year	4.18	-3	USD/CNY	7.2504	-0.1%	Copper	9877.00	\$90.50
			RBA Policy			Equities		
			O/N Cash Rate Target	4.35		ASX200	8028	81
			Interbank O/N Cash Rate	4.34		Dow Jones	40001	247
Other 10-year			Probability of a 25bps Hike in Aug	19.8%		S&P500	5615	31
Japan	1.07	-1	RBA Bond Holdings (30 June)	A\$314.3b		Stoxx600	524	5
Germany	2.50	3				CSI300	3472	4
UK	4.11	4						

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

**Iron ore is the second SGX futures contract.

Wall Street saw renewed gains on Friday night, while US Treasury yields fell further, as a decline in US core producer price inflation and longer-run consumer inflation expectations confirmed that the US economy is back on the disinflation track. The assassination attempt of the former US President Donald Trump had hardly any impact on safe-haven assets this morning.

US headline PPI rose by 0.2% in June, somewhat more than the 0.1% expected, while the May figures were revised upwards (to 0.0% from the initially estimated -0.2%). The annual rate of producer price inflation unexpectedly picked up to 2.6%, a level unseen since March 2023. However, core PPI, which excludes food, energy and trade was unchanged in June, to be up by 3.1% through the year, the least in four months.

University of Michigan consumer confidence declined to an eight-month low of 66.0 in July, despite five- to 10-year inflation expectations ebbing to the lowest level in five months (2.9%).

Following the above data releases, expectations for a fed funds rate cut in September intensified further, with two more cuts still fully priced in for January. US 10-year Treasury yields are now at the lowest since March, while two-year yields are at a nearly six-month low.

Across the Pacific, Chinese trade surplus widened to US\$99.1b in June, which is the highest level on record. The rise in surplus was caused by both acceleration in exports growth (+1.0ppt to 8.6% YoY) and a renewed fall in imports (-2.3% YoY compared to a 1.8% YoY gain in May). Iron ore imports declined by 4.3% in the month, but remained 2.2% up through the year.

The Australian dollar appreciated against the weaker greenback, but was down or unchanged against the remaining major currencies. Commonwealth bond yields followed their US equivalents lower, to be the lowest in July so far. The ASX 200 closed at another record high on Friday, with gains in all industries but information technology, before opening again in black this morning.

The only domestic highlight [this week](#) will be the labour force survey for June, which is an important release ahead of the August cash rate decision. Highlights offshore include US and Chinese activity data for June, as well as Chinese Q2 GDP. The Third Plenum is starting in China, with hopes for an announcement of a new fiscal stimulus.

ECONOMIC DATA REVIEW

- **CH:** Trade Balance (Jun) – Actual US\$99.1b, Expected US\$85.3b, Previous US\$82.6b.
- **US:** PPI (MoM, Jun) – Actual 0.2%, Expected 0.1%, Previous 0.0% (revised).
- **US:** University of Michigan Consumer Confidence (Jul, prelim.) – Actual 66.0, Expected 68.5, Previous 68.2.

ECONOMIC DATA PREVIEW

- **CH:** GDP (YoY, Q2) – Expected 5.0%, Previous 5.3%.
- **CH:** Retail Sales (YoY, Jun) – Expected 3.3%, Previous 3.7%.
- **CH:** Industrial Production (YoY, Jun) – Expected 4.8%, Previous 5.6%.
- **CH:** Urban Fixed Asset Investment (YoY YtD, Jun) – Expected 3.8%, Previous 4.0%.

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