

Interest Rates (%)			FX			Commodities US\$		
Australia		Δ bp	AUD/USD	0.6746	0.0%	WTI Crude Oil	82.24	-\$0.86
90-day Bill	4.46	0	AUD/JPY	108.49	0.2%	Brent Crude Oil	85.67	-\$1.00
3-year Bond	4.11	-2	AUD/EUR	0.6229	0.0%	Mogas95*	96.16	-\$0.66
10-year Bond	4.34	-3	AUD/GBP	0.5265	0.0%	CRB Index	290.91	-2.52
			AUD/NZD	1.1004	0.2%	Gold	2362.41	-\$24.06
			AUD/CNY	4.8970	-0.2%	Silver	30.86	-\$0.30
US			EUR/USD	1.0832	0.0%	Iron Ore (62% Fe)**	108.70	-\$2.85
2-year	4.62	1	USD/JPY	160.83	0.1%	Iron Ore (24-25 Average)	110.64	-\$0.58
10-year	4.28	-2	USD/CNY	7.2681	0.0%	Copper	9915.00	-\$29.00
			RBA Policy			Equities		
			O/N Cash Rate Target	4.35		ASX200	7811	22
			Interbank O/N Cash Rate	4.34		Dow Jones	39345	-31
Other 10-year			Probability of a 25bps Hike in Aug	27.3%		S&P500	5573	6
Japan	1.09	1	RBA Bond Holdings (30 June)	A\$314.3b		Stoxx600	516	0
Germany	2.54	-2				CSI300	3402	-29
UK	4.11	-1						

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

**Iron ore is the second SGX futures contract.

US equities edged higher overnight ahead of some key events this week, with info tech again doing the heavy lifting. The mildly positive US session followed a mainly negative day for European shares, with CAC 40 in France the weakest of the major indices following the surprise French election results that have driven an increase in political uncertainty. Equities slipped across most of the Asia-Pacific yesterday, including a 0.8% fall for the ASX 200 as resources were dragged down by the fall in commodity prices.

Oil prices slipped further below the two-month highs of last week as the hurricane in the Gulf of Mexico had less impact on oil production than was feared. Iron ore futures prices continued to unwind last weeks early gains that drove the Singapore benchmark contract to a five-week high.

Bond yields are mainly lower than this time yesterday, while currencies are little changed, with the Aussie dollar trading between US\$0.6712 and US\$0.6761 over the past 24 hours.

Tonight, Fed Chair Jerome Powell will give the first of twin testimonies to Congressional committees following the release of the Fed's semi-annual Monetary Policy Report. The second is on Wednesday. Both appearances will be keenly watched for any hints on the timing of the Fed's first interest rate cut. These appearances will be followed by the release of the June CPI on Thursday.

The value of new Aussie [home loans \(excluding refinancing\)](#) fell by 1.7% in May, following three months of solid increases. The annual rate of growth in new home loans slowed to 18.0%, which is the slowest in three months. Despite the pause in May, home loan commitments are up almost 20% through the year, with the value of new investor loans being especially strong, despite interest rates being at the highest levels in over a decade. The number of owner-occupier construction loans remains depressed.

The ANZ-Roy Morgan weekly consumer confidence index fell 2.3pts to a four-week low of 79.0 last week, its second lowest level for the year. This was the biggest weekly fall since February last year, with respondents paying off a mortgage seeing the biggest decline, suggesting consumers are concerned about the possibility of another RBA interest rate hike. Inflation expectations two-years ahead fell 0.3ppts to 4.9%.

ECONOMIC DATA REVIEW

- **AU:** Housing Finance (MoM, May) – Actual -1.7%, Expected 1.8%, Previous 4.8%.
- **AU:** ANZ-Roy Morgan Consumer Confidence (w/e 7 Jul) – Actual 79.0, Previous 81.3.

ECONOMIC DATA PREVIEW

- **AU:** Westpac-Melbourne Institute Consumer Sentiment (MoM, Jul) – Previous 1.7%.
- **AU:** NAB Business Conditions Index (Jul) – Previous 6.
- **AU:** NAB Business Confidence Index (Jul) – Previous -3.

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