

RBA cut rates to all-time low of 1.5% - The Reserve Bank of Australia announced a new interest rate this morning of 1.5%. Market consensus as well as many analysts expected that the RBA would have a rate cut of 0.25%, from 1.75% to a record low of 1.50%. Sluggish inflation rate, falling house prices, labour market weakness, and appreciation of the Australia dollar put pressure on RBA to cut rates or further implement monetary easing measures. The RBA has cut interest rate to 1.75% from 2% on 3rd May this year, for the first time since April 2015, in order to grapple with inflation decline. In the last RBA meeting, Governor Glenn Stevens mentioned that further information should allow the Board decide whether any 'adjustment' to policy would be appropriate. Although the economic growth in Australia is more than the RBA's estimate. However, the inflation is lower than the target. Although last QoQ headline CPI figure released on 27th July showed a rise of inflation rate to 0.4% in July from -0.2% in April. Yet the YoY headline CPI was disappointing in that it fell to 1.0% in July from 1.3% in April, which is a 17-year low for the Australian economy. In addition, the house prices have slowed down in the major capital cities in Australia, only rising by 0.8% in July compared to a 6.1% rise last year, the slowest annual growth rate since September 2013. The labour market also shows weakness. For dealing with inflation more effectively, RB Z decided to have the second rate cut this morning since April, which was line with market expectations. As a result, investors turn to shares from fixed income. AUS 200 spot index has rallied 7.74% from 5213.40 points on 8th July

to the 12-month high at 5616.90 points on 1st Aug, for the first time broke through 5600 points. This morning the price pulled back after the decision was announced as markets priced-out. The rate cut led to the falling of the Australian dollar, AUDUSD fell 1.67% this morning. Subsequently as the dollar weakened, the price bounced off after touching the significant support level at 0.75. It is currently trading above the resistance at 0.755. The next resistance level is 0.759. Keeping an eye on the trend of the dollar for monitoring the trend of AUDUSD.

Today's important market news

Time: GMT

08:30	PMI Construction
09:00	Producer Price Index (MoM)
09:00	Producer Price Index (YoY)
12:30	Personal Spending
12:30	Core Personal Consumption Expenditure - Price Index (YoY)
12:30	Personal Income (MoM)
12:30	Personal Consumption Expenditures - Price Index (MoM)
12:30	Personal Consumption Expenditures - Price Index (YoY)
12:30	Core Personal Consumption Expenditure - Price Index (MoM)
13:30	RBC Manufacturing PMI
22:45	Participation Rate
23:50	BoJ Monetary Policy Meeting Minutes

Source: [Fxpro Forex Broker \(Review and Forex Rebates Up to 85%\)](#)