



30 May 2025

MORNING REPORT

Today's economic developments and market movements.

Key themes

The US Court of International Trade ruled that tariffs imposed by President Trump under an emergency law were illegal. Financial markets reacted positively, but the optimism was tempered by a federal appeals court which paused the ruling while legal proceedings are under way.

The S&P500 index opened much higher before paring gains to finish the day 0.4% in the green.

Major government bond rallied, with US Treasury yields falling 3-5bp. The DXY index fell 0.5%, with the confirmation that the US economy contracted at the beginning of the year and higher weekly jobless claims contributing to the move.

AUD was up only 0.2%, as Australian data on business capital expenditure surprised on the downside.

Data snapshot

FX Last 24 hrs	Current	Change	AUS Interest Rate Swaps	Last	Change
TWI	59.7	0.2%	30 day BBSY	3.81	0.02
AUD/USD	0.6442	0.2%	90 day BBSY	3.78	0.04
AUD/JPY	92.88	-0.2%	180 day BBSY	3.85	0.06
AUD/GBP	0.4775	0.1%	1 year swap	3.38	0.00
AUD/NZD	1.0795	0.2%	2 year swap	3.27	-0.01
AUD/EUR	0.5668	-0.4%	3 year swap	3.31	-0.02
AUD/CNH	4.6319	0.2%	4 year swap	3.40	-0.03
AUD/SGD	0.8294	0.0%	5 year swap	3.52	-0.02
AUD/HKD	5.0518	0.3%	6 year swap	3.64	-0.02
AUD/CAD	0.8894	0.0%	7 year swap	3.76	-0.02
EUR/USD	1.1370	0.7%	8 year swap	3.87	-0.02
USD/JPY	144.21	-0.4%	9 year swap	3.96	-0.02
USD Index	99.34	-0.5%	10 year swap	4.19	-0.03

Equities	Close	Change	Government Bond Yields	Close	Change
S&P/ASX 200	8,410	0.2%	Australia		
S&P 500	5,912	0.4%	3 year bond	3.44	0.02
Japan Nikkei	38,433	1.9%	10 year bond	4.37	0.04
Hang Seng	23,573	1.4%	United States		
Euro Stoxx 50	5,371	-0.1%	3-month T Bill	4.23	0.00
UK FTSE100	8,716	-0.1%	2 year bond	3.94	-0.05
VIX Index	19.18	-0.7%	10 year bond	4.42	-0.06

Commodities	Current	Change	Other (10 year yields)		
CRB Index	290.76	-0.9%	Germany	2.51	-0.05
Gold	3317.99	0.9%	Japan	1.53	0.01
Copper	9568.00	0.0%	UK	4.65	-0.08
Oil (WTI futures)	60.91	-1.5%	Sydney Futures Exchange	Current	Change
Coal (coking)	187.00	-0.5%	10 yr bond	4.29	-0.08
Coal (thermal)	107.55	-2.3%	3 yr bond	3.38	-0.07
Iron Ore	96.90	0.8%	3 mth bill rate	3.70	-0.02
ACCU	35.38	2.9%	SPI 200	8,398	-0.3%

Data as at 7:00am AEST. Change is from the previous trading day (excluding the SFE, which is the change during the night session). Source: Bloomberg.



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Financial Markets

The US tariff drama moved into courtrooms yesterday when the US Court of International Trade ruled that tariffs imposed by President Trump under an emergency law were illegal. Financial markets reacted positively, but the optimism was tempered by a federal appeals court that paused the ruling while legal proceedings are under way. The question might ultimately go to the US Supreme Court. In the meantime, the US administration is suggesting that questions over the legality of tariffs will not affect ongoing trade negotiations with other countries.

- The US equity market opened much higher on the back of the tariff news – the S&P500 index was up almost 1% before paring gains to finish the day 0.4% in the green. Real estate stocks led the way, and the information technology sector was also a strong performer, boosted by solid Nvidia results. In other markets, most major benchmarks were little changed: the Euro Stoxx 50 index and the FTSE100 in the UK both fell 0.1%, while the domestic ASX200 index rose 0.2%. Asian equity markets outperformed, with Nikkei225 and Hang Seng rising 1.9% and 1.4% respectively.
- Major government bonds rallied, with US Treasury yields falling 3-6bp. The 10Y yield was down 6bp to 4.42% a level last seen on 20 May. The move at the short end of the curve was supported by firmer expectations that the Fed will continue lowering interest rates this year, with two 25bp cuts fully priced in. Gilts and Bunds followed a similar pattern, with the 10Y UK yield down 8bp, while equivalent German yield fell 5bp. Following a temporary relief earlier this week, long-dated JGBs were under pressure again – the 30Y yield rose 7bp – as investors remain concerned about the trajectory of public finances in Japan.
- In FX markets, the DXY index fell 0.5% reversing the appreciation at the beginning of the trading session. The confirmation from GDP data that the US economy contracted at the beginning of the year and higher weekly jobless claims contributed to the move. Most other major currencies were stronger. EUR, up 0.7%, was the biggest beneficiary, while Yen strengthened 0.4%. AUD was up only 0.2%, as Australian data on business capital expenditure surprised on the downside.
- Crude prices were down again, with the WTI July contract falling 1.5% to \$60.9. Ahead of the OPEC+ meeting this weekend, where the cartel is expected to announce a production increase, Kazakhstan said it cannot keep its production under control in line with its commitments to OPEC+. Gold was up again after three days in the red. Copper was broadly unchanged, but iron ore made gains, up 0.8%, bouncing off the \$96 lows in the prior session.

Today's key data and events

For	Data/Event	Exp	Prev
8:00am	NZ ANZ Consumer Confidence May	-	98.3pts
8:45am	NZ Building Permits Apr	-	9.6%
9:30am	JP Job-to-Applicant Apr	130.0%	130.0%
9:30am	JP Tokyo May	3.4%	3.5%
9:50am	JP Industrial Production Apr Prel.	-1.4%	0.2%
11:30am	AU Dwelling Approvals Apr	3.0%	-8.8%
11:30am	AU Retail Sales Apr	0.3%	0.3%
11:30am	AU Private Sector Credit Apr	0.5%	0.5%
10:30pm	US Personal Income Apr	0.3%	0.5%
10:30pm	US Personal Spending Apr	0.2%	0.7%
10:30pm	US PCE Deflator Apr	0.1%	0.0%
10:30pm	US Core PCE Deflator Apr	0.1%	0.0%
12:00am	US Uni. Of Michigan Sentiment May Final	51.5pts	50.8pts

Times are AEST. All data forecasts are m/m or q/q and seasonally adjusted unless otherwise specified. Forecasts for Australian data are our forecasts and for other countries they are consensus forecasts.

International Data:

US Q1 GDP growth was little changed in the second estimate at -0.2%qtr annualised, up from -0.3% in the first estimate, but down significantly from 2.4%-3.1% increases in the prior three quarters. However, personal consumption was marked lower from 1.8%qtr to 1.2%qtr annualised. Offsetting were positive revisions to business investment and government spending.

The **weekly US initial jobless** claims rose from 226k to 240k, the third highest level this year, but still a very low level by historical standards.

US pending home sales fell 6.3% in April and March's gain was revised down from 6.1% to 5.5%. Over the year, sales are down 3.5%.

Domestic Data:

In Australia, **March quarter Capex growth** was weaker than expected at -0.1%, with spending plans consistent with weak growth continuing into FY2025/26 ([see here](#)).

In New Zealand, **business confidence** slipped further in the ANZ business opinion survey for May ([see here](#)).



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