



13 June 2025

# MORNING REPORT

Today's economic developments and market movements.

## Key themes

A successful 30Y auction in the US saw bond yields fall across the US and other developed markets.

The auction result also helped boost sentiment across US equities though most other equity markets closed lower with tariffs remaining the dominant theme.

The USD weakened with many of the G10 pairs hitting multi-month and year highs.

The potential for an escalation of conflict between Iran and Israel added support for oil prices.

## Data snapshot

FX Last 24 hrs	Current	Change
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TWI	59.9	-0.7%
AUD/USD	0.6532	0.5%
AUD/JPY	93.73	-0.3%
AUD/GBP	0.4798	0.0%
AUD/NZD	1.0766	-0.2%
AUD/EUR	0.5638	-0.4%
AUD/CNH	4.6850	0.1%
AUD/SGD	0.8352	0.0%
AUD/HKD	5.1274	0.5%
AUD/CAD	0.8888	0.0%
EUR/USD	1.1587	0.8%
USD/JPY	143.49	-0.7%
USD Index	97.85	-0.8%

Equities	Close	Change
S&P/ASX 200	8,565	-0.3%
S&P 500	6,045	0.4%
Japan Nikkei	38,173	-0.6%
Hang Seng	24,035	-1.4%
Euro Stoxx 50	5,361	-0.6%
UK FTSE100	8,885	0.2%
VIX Index	18.02	4.4%

Commodities	Current	Change
CRB Index	302.76	-0.1%
Gold	3385.96	0.9%
Copper	9702	0.6%
Oil (WTI futures)	68.04	-0.2%
Coal (coking)	175.50	-0.8%
Coal (thermal)	109.60	1.0%
Iron Ore	94.15	-0.6%

AUS Interest Rate Swaps	Last	Change
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30 day BBSY	3.80	0.00
90 day BBSY	3.78	-0.01
180 day BBSY	3.93	0.01
1 year swap	3.32	-0.03
2 year swap	3.22	-0.03
3 year swap	3.25	-0.05
4 year swap	3.34	-0.05
5 year swap	3.45	-0.05
6 year swap	3.57	-0.05
7 year swap	3.68	-0.05
8 year swap	3.78	-0.05
9 year swap	3.87	-0.05
10 year swap	4.08	-0.05

Government Bond Yields	Close	Change
Australia		
3 year bond	3.35	-0.05
<b>10 year bond</b>	4.24	-0.05
United States		
3-month T Bill	4.26	0.00
2 year bond	3.91	-0.04
<b>10 year bond</b>	4.36	-0.06
Other (10 year yields)		
Germany	2.48	-0.06
Japan	1.45	-0.02
UK	4.48	-0.07

Sydney Futures Exchange	Current	Change
10 yr bond	4.16	-0.07
3 yr bond	3.32	-0.05
3 mth bill rate	3.61	-0.01

Data as at 7:50am 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

A successful 30Y US Treasury auction saw sentiment lift in equities and rates markets in the US. However, it was not enough to support the USD. Tariff concerns are still weighing on equity markets around the world as they wait for their turn at the negotiation table.

- US equities closed higher overnight, with the S&P 500 up 0.4%, while the NASDAQ and Dow Jones both gained 0.2%. A successful sale of 30-year Treasury bonds helped buoy sentiment and ease concerns about government borrowing. In Europe, a lack of progress on trade talks led to declines, with the EuroStoxx 50 down 0.6% and the German DAX falling 0.7%. Asia also had a weak session, led by a 1.4% drop in the Hang Seng, as tech stocks weighed on performance. Japan's Nikkei declined 0.7%. However, Korea's KOSPI rose 0.4%, marking its seventh consecutive day of gains, supported by positive sentiment around the country's new leader. Both Japan and Korea primarily export vehicles to the US and could face headwinds in today's session after Trump announced a potential increase in auto tariffs to protect domestic auto manufacturing. The ASX 200 fell 0.3% yesterday
- In rates markets, the US 2Y and 10Y yields declined by 4bps and 6bps respectively, following a successful \$22bn 30Y Treasury auction. The 30Y yield fell 8bps to 4.84%, as the strong demand helped ease concerns about funding pressures and the government's ability to raise capital which have dominated the news in recent times. Swaps traders have fully priced in two cuts for 2025, a September cut is almost fully priced in. A shift down in the US yield curve also saw yields in Germany and the UK pare back. The 2Y Bund was down 3bps while the 10Y was down 6bps. In the UK, the 2Y Gilt was down 5bps and the 10Y down 8bps. In Australia, three cuts are fully priced in with the second now priced in for September from November yesterday. Futures pricing suggest the 3Y and 10Y bond yields will both fall 5bps in today's session.
- In FX, the US dollar index fell 0.8% to 97.85pts, the lowest since March 2022. The AUD/USD pair appreciated to 0.6532, hitting a seven-month high. The GBP hit a three and a half year high of 1.3706 in the overnight session before subsiding to 1.3621 at time of writing. The EUR hit a high of 1.1631 before settling to 1.1587, the highest since October 2021. Tariff concerns saw the CAD and JPY, however, underperform its G10 peers.
- Crude oil prices rose with the WTI contract up 0.8% to US\$68/barrel. US negotiations with Iran are ongoing though the prospect of heightened tensions between Iran and Israel are adding support for oil.

## Today's key data and events

For	Data/Event	Exp	Prev
2:30pm	JP Industrial Production Apr Final	-	-0.9%
7:00pm	EZ Industrial Production Apr	-1.7%	2.6%
12:00am	US Uni. Of Michigan Sentiment Jun Prel.	53.6pts	52.2pts

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.

## Domestic Data:

There were no major releases out overnight.

## International Data:

The US PPI index grew by just 0.1% in May, although this followed an upward revision to the April outcome, from -0.5% to -0.2%. Ex food and energy, the results were similar, a 0.1% gain in May following a +0.2ppt revision to April's result to -0.2%. Over the year, the PPI index for final demand is up 2.6%yr, or 3.0%yr excluding food and energy.

Initial jobless claims were unchanged last week at 248k, a low level versus history, consistent with firms continuing to hold on to existing staff.



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