



26 June 2025

# MORNING REPORT

Today's economic developments and market movements.

## Key themes

Sentiment continued to stabilise as the Iran-Israel ceasefire held and Jerome Powell played a straight bat during his congressional testimony.

Aussie rates rallied across the curve yesterday (i.e. yields lower) on the softer than expected monthly inflation data. The market is pricing a 92% chance the RBA cuts at its next meeting in July. Offshore, the Fed's proposed changes to the supplementary leverage ratio (SLR) caught the attention of rates markets, but the changes were already largely priced in so had only limited impact on price action.

The US dollar revisited its lowest level since early 2022. The Greenback was mixed against the majors but the Aussie dollar underperformed, leaving it lower on most crosses.

Crude markets stabilised after the largest 2 day fall since March 2022.

## Data snapshot

FX Last 24 hrs	Current	Change
TWI	59.9	-0.2%
AUD/USD	0.6508	0.4%
AUD/JPY	94.51	0.6%
AUD/GBP	0.4764	0.0%
AUD/NZD	1.0780	-0.2%
AUD/EUR	0.5583	-0.1%
AUD/CNH	4.6684	0.5%
AUD/SGD	0.8320	0.3%
AUD/HKD	5.1084	0.4%
AUD/CAD	0.8930	0.4%
EUR/USD	1.1656	0.4%
USD/JPY	145.21	0.2%
USD Index	97.72	-0.1%

Equities	Close	Change
S&P/ASX 200	8,559	0.0%
S&P 500	6,092	0.0%
Japan Nikkei	38,942	0.4%
Hang Seng	24,475	1.2%
Euro Stoxx 50	5,252	-0.9%
UK FTSE100	8,719	-0.5%
VIX Index	16.76	-4.1%

Commodities	Current	Change
CRB Index	296.62	-0.1%
Gold	3332.52	0.3%
Copper	9776.19	0.5%
Oil (WTI futures)	64.92	0.9%
Coal (coking)	173.50	-0.9%
Coal (thermal)	114.50	-0.7%
Iron Ore	92.65	-0.3%
ACCU	35.38	2.9%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	3.72	-0.01
90 day BBSY	3.70	-0.01
180 day BBSY	3.83	-0.03
1 year swap	3.24	-0.04
2 year swap	3.15	-0.02
3 year swap	3.20	-0.02
4 year swap	3.30	-0.01
5 year swap	3.41	-0.01
6 year swap	3.52	-0.01
7 year swap	3.64	-0.01
8 year swap	3.74	-0.01
9 year swap	3.83	-0.01
10 year swap	4.06	-0.01

Government Bond Yields	Close	Change
<b>Australia</b>		
3 year bond	3.23	-0.03
10 year bond	4.12	-0.03
<b>United States</b>		
3-month T Bill	4.19	0.01
2 year bond	3.78	-0.04
10 year bond	4.29	0.00

Other (10 year yields)		
Germany	2.57	0.02
Japan	1.40	-0.03
UK	4.48	0.01

Sydney Futures Exchange	Current	Change
10 yr bond	4.16	0.01
3 yr bond	3.26	0.02
3 mth bill rate	3.56	0.01
SPI 200	8,500	-0.4%

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

- Equities were mixed overnight; the S&P 500 closed flat while the NASDAQ gained 0.3% after briefly flirting with its record high. The major bourses were all lower in Europe, led by communication and consumer discretionary names. While not a catalyst, Trump's threat to double Spanish tariffs on its refusal to increase defence spending to 5% of GDP certainly wouldn't have helped. The ASX 200 was flat yesterday, underperforming a broader rally in Asian equities.
- Aussie rates rallied yesterday on the back of softer-than-expected monthly inflation numbers which bolstered bets the RBA will pull the trigger on a 25-basis point rate cut next month. A July cut is almost fully priced in with the probability of a follow up in August sitting a touch above 80%. Aussie bond futures are a 1-2 basis points higher this morning.
- In the US, pricing for Fed rate cuts this year continues to increase. There's now around 62 basis points of cuts baked in for the remainder of 2025, helping the 2-year yield down to 3.78% - its lowest close since early May. The long-end of the curve remained well anchored with the 10-year yield unchanged at 4.29%.
- The US dollar revisited lows from early 2022, the DXY slipping to a low of 97.65. The Skandies led the move alongside the Japanese Yen. The Euro, the Pound and the Yen were slightly softer versus the Greenback with the Aussie dollar underperforming the broader move. That said, the AUD/USD held above 65 cents and looks to be tentatively resuming its gradual up-trend following a brief set-back from the Iran-Israel escalation.
- Crude markets stabilised after the largest two day fall since March 2022. West Texas Intermediate (WTI) futures were up 0.6% to US\$64.92 per barrel and have now fully retraced the spike induced by the brief flare up in the Middle East, though sentiment remains fragile.

## International Data:

Offshore data was limited to the US housing market. New home sales slipped 13.7% in the month of May to 623k sales. This was the softest reading since October 2025. Meanwhile, the number of building permits approved for May was finalised little changed at 1,394k. A 10-year government bond yield anchored above 4% is doing little to flip momentum in the US housing market.

## Local Data:

The monthly CPI indicator rose 2.1% over the year to May, undercutting expectations for a 2.3% gain. The monthly trimmed mean measure fell from 2.8% to 2.4%, while other underlying measures also pointed to further slowing in price pressures. The softer-than-expected number introduces some downside risk to the Q2 inflation numbers due out on 30 July.

## Today's key data and events

For	Data/Event	Exp	Prev
11:30am	AU Job Vacancies q/q May	-	-4.50%
10:30pm	US Wholesale Inventories May Prel.	0.10%	0.20%
10:30pm	US GDP Q1 T	-0.20%	-0.20%
10:30pm	US Chicago Fed Activity Index May	-0.2pts	-0.2pts
10:30pm	US Durable Goods Orders May Prel.	8.50%	-6.30%
10:30pm	US Initial Jobless Claims	243k	245k
12:00am	US Pending Home Sales May	0.00%	-6.30%

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.



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