



27 June 2025

MORNING REPORT

Today's economic developments and market movements.

Key themes

Downward revisions to Q1 US GDP data bolstered expectations for Fed rate cuts. Comments from Fed officials downplaying inflation risks from tariffs added to momentum.

Yields were 3-6bps lower across the curve in the US, led by the short-end.

The risk-on move continued on Wall St with equities lifting solidly following a decent rally in Europe.

The US dollar continued to slide, hitting a fresh 3-year low. The Aussie dollar performed well taking on 0.6550 before pulling back a touch.

Copper futures jumped on reports of surging stockpiles as shipments to America are accelerated ahead of potential tariffs.

Data snapshot

FX Last 24 hrs	Current	Change	AUS Interest Rate Swaps	Last	Change
TWI	60.0	0.2%	30 day BBSY	3.72	-0.01
AUD/USD	0.6546	0.5%	90 day BBSY	3.67	-0.03
AUD/JPY	94.53	-0.1%	180 day BBSY	3.81	-0.02
AUD/GBP	0.4768	0.0%	1 year swap	3.23	-0.01
AUD/NZD	1.0807	0.2%	2 year swap	3.13	-0.01
AUD/EUR	0.5597	0.2%	3 year swap	3.19	-0.01
AUD/CNH	4.6883	0.4%	4 year swap	3.29	-0.01
AUD/SGD	0.8340	0.2%	5 year swap	3.40	-0.01
AUD/HKD	5.1382	0.5%	6 year swap	3.51	-0.01
AUD/CAD	0.8933	-0.1%	7 year swap	3.63	-0.01
EUR/USD	1.1698	0.4%	8 year swap	3.73	-0.01
USD/JPY	144.39	-0.6%	9 year swap	3.82	-0.01
USD Index	97.31	-0.4%	10 year swap	4.04	-0.02

Equities	Close	Change	Government Bond Yields	Close	Change
S&P/ASX 200	8,551	-0.1%	Australia		
S&P 500	6,141	0.8%	3 year bond	3.23	0.00
Japan Nikkei	39,585	1.6%	10 year bond	4.11	-0.01
Hang Seng	24,325	-0.6%	United States		
Euro Stoxx 50	5,244	-0.2%	3-month T Bill	4.20	0.01
UK FTSE100	8,736	0.2%	2 year bond	3.72	-0.06
VIX Index	16.59	-1.0%	10 year bond	4.24	-0.05
			Other (10 year yields)		
Commodities	Current	Change	Germany	2.57	0.00
CRB Index	298.22	0.5%	Japan	1.42	0.03
Gold	3327.92	-0.1%	UK	4.47	-0.01
Copper	9988	2.2%			
Oil (WTI futures)	65.24	0.5%			
Coal (coking)	172.75	-0.4%	Sydney Futures Exchange	Current	Change
Coal (thermal)	108.90	-1.7%	10 yr bond	4.16	0.02
Iron Ore	94.20	0.6%	3 yr bond	3.25	0.01
ACCU	35.58	0.6%	3 mth bill rate	3.56	0.01
			SPI 200	8,584	0.6%

Data as at 7:30am 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

- It was a decent show of green for Northern Hemisphere equities overnight. In the US, the S&P 500 rose 0.8% after probing towards fresh all-time highs. The German Dax and London's FTSE 100 rose 0.6% and 0.2%, respectively. ASX 200 futures are up 0.6% after the bourse closed down 0.1% yesterday.
- Downward revisions to Q1 US GDP data supported expectations for Fed rate cuts. There's around 68 basis points of cuts priced in by the end of the year. 2-year yields fell 6 basis points to 3.72%, while 10-year yields slipped 5 basis points to 4.24%.
- Aussie bond futures shrugged off the moves in the US with 3-and-10-year yields up 1 and 2 basis points respectively. A July rate cut from the RBA remains more than 90% priced-in.
- The US dollar continued to lose ground against most of the majors with the DXY index falling to a 3-year low of 96.99. The Aussie dollar took a brief look above 0.6550 and is back trading a touch below that level at the time of writing. The Aussie has now resumed the upswing underway before the Iran-Israel conflict erupted. The de-dollarisation theme will remain a tailwind, but the approaching deadline for the pause of reciprocal tariffs looms as the next major obstacle.
- Crude was little changed as markets jostle with reports of tumbling global reserves and clear over-supply risks over a longer horizon. Copper futures jumped on reports of surging stockpiles as shipments to America are accelerated ahead of potential tariffs. Copper inventories at US exchange warehouses jumped 121% this year to hit the highest level in seven years.

International Data:

The Advance estimate for the US goods trade balance printed at -\$96.6bn in May, larger than the expected -\$86.1bn deficit and a larger deficit than April. Imports were flat following a 19.9% fall in April when liberation day tariffs were announced. The wider deficit was instead driven by a 5.2% fall in exports in the month. Trade statistics should still be interpreted with caution given the unknown impact of 'front-loading' imports.

The third estimate of Q1 US GDP growth was revised down to a 0.5% annualised contraction, from -0.2% previously. The revision was concentrated on consumer spending, which was revised down to 0.5% from a prior estimate of 1.2%. Recall, the Q1 numbers were impacted by the 'front-loading' of US imports ahead of tariffs, however, the significant revision to consumption is one to watch given it's been the powerhouse of economic growth during recent years.

US durable goods orders ex. transportation were firmer than expected in May according to preliminary figures. Orders rose 0.5% in the month, against expectations for a flat reading.

Today's key data and events

For	Data/Event	Exp	Prev
9:30am	JN Tokyo CPI y/y Jun	3.3%	3.4%
9:30am	JN Retail Sales May	0.3%	0.7%
11:30pm	CH Industrial Profits y/y May	-	3.0%
7pm	EZ Consumer Confidence Jun Final	-15.3	-15.3
7pm	EZ Economic Confidence May	94.8	94.8
10:30pm	US Personal Income May	0.3%	0.8%
10:30am	US Personal Spending May	0.1%	0.2%
10:30pm	US PCE Price Index May	0.1%	0.1%
12am	US UoM Con. Sentiment Jun Final	60.5	60.5

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.

US Treasury Secretary, Scott Bessent, asked Congress to cut the Section 899 protective measure — or so-called revenge tax — from Donald Trump's bill. The Treasury Department has announced a deal with G-7 allies to exclude US companies from some taxes in exchange for removing the Section 899 proposal. The deal means that OECD Pillar 2 taxes will not apply to US companies.

Local Data:

The number of Australian job vacancies rose by +9.5k (+2.9%) between February and May. Vacancies have broadly stabilised over the past year, zig-zagging around 40-50% above pre-pandemic levels.

The vacancy-to-unemployment ratio — an important measure of labour market tightness that the RBA closely monitors — has exhibited a similar pattern, and is currently sitting at the 0.55 mark compared to the 0.20-0.35 range over the decade prior to COVID. These results are still likely to be viewed by the RBA as in line with their current assessment — that the labour market, in aggregate, remains tighter than what is consistent with "full employment" and, in turn, maintaining low and stable inflation



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