30 June 2025

MORNING REPORT

Today's economic developments and market movements.

Key themes

There was a risk on tone as reports suggested European leaders grew more confident of striking a deal with the US. Equites rallied with US markets reaching a fresh record high.

Reports Japanese and Indian officials have extended their trade negotiations stays in the US is also supporting sentiment, with the Aussie higher in early trade.

Benign inflation data and soft spending numbers supported the case for Fed rate cuts, with the market pricing in around 77 basis points of cuts by the end of the year. Yields were higher but remained with recent ranges. The US dollar struggled for direction with the DXY finishing slightly higher supported by yields.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	60.2	0.3%
AUD/USD	0.6529	-0.3%
AUD/JPY	94.47	-0.1%
AUD/GBP	0.4762	-0.1%
AUD/NZD	1.0782	-0.2%
AUD/EUR	0.5572	-0.4%
AUD/CNH	4.6841	-0.1%
AUD/SGD	0.8330	-0.1%
AUD/HKD	5.1274	-0.2%
AUD/CAD	0.8930	0.0%
EUR/USD	1.1718	0.1%
USD/JPY	144.65	0.2%
USD Index	97.40	0.3%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	3.69	-0.03
90 day BBSY	3.66	-0.01
180 day BBSY	3.82	0.01
1 year swap	3.23	0.00
2 year swap	3.15	0.01
3 year swap	3.20	0.01
4 year swap	3.29	0.01
5 year swap	3.40	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	3.84	0.01
10 year swap	4.06	0.03

Equities	Close	Change
S&P/ASX 200	8,514	-0.4%
S&P 500	6,173	0.5%
Japan Nikkei	40,151	1.4%
Hang Seng	24,284	-0.2%
Euro Stoxx 50	5,326	1.6%
UK FTSE100	8,799	0.7%
VIX Index	16.32	-1.6%

Commodities	Current	Change
CRB Index	299.74	0.5%
Gold	3274.33	-1.6%
Copper	9669	0.0%
Oil (WTI futures)	65.52	0.4%
Coal (coking)	176.00	1.9%
Coal (thermal)	109.00	0.1%
Iron Ore	94.45	-0.1%
ACCU	35.58	0.6%

Government Bond Yields	Close	Change
Australia		
3 year bond	3.24	0.01
10 year bond	4.13	0.02
United States		
3-month T Bill	4.19	-0.02
2 year bond	3.75	0.03
10 year bond	4.28	0.04
Other (10 year yields)		
Germany	2.59	0.02
Japan	1.44	0.01
UK	4.50	0.03

Sydney Futures Exchange	Current	Change
10 yr bond	4.21	0.05
3 yr bond	3.28	0.03
3 mth bill rate	3.56	0.00
SPI 200	8,521	0.1%

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

- Equities rallied on Friday with the S&P 500 closing 0.5% higher to reach a fresh record high. The Dow Jones closed 1.0% higher while the tech heavy Nasdaq finished 0.5% in the green. European markets also finished higher with the Dax and FTSE 100 up 1.6% and 0.7%, respectively. ASX 200 futures are up 0.1% after closing 0.4% lower on Friday.
- The personal consumption expenditures (PCE) index remained benign increasing 0.1% in May to be 2.3%yr. The core measure increased a touch above expectations (0.2%mth and 2.7%yr compared with expectations off 0.1%mth and 2.6%yr), remaining consistent with further rate cuts this year. The market has priced in around 77 basis points of cuts by the end of the year. A rally in US treasuries stalled with 2-year yields up 3 basis points to 3.75%, while 10-year yields rose 4 basis points to 4.28%.
- Aussie bond futures followed the lead from the US with 3-and-10-year yields up 5 and 3 basis points respectively. A July rate cut from the RBA remains more than 90% priced-in, with the market expecting three 25bps cuts this year.
- The US dollar struggled for direction with the DXY index bouncing off the session low of 97.0 before testing 97.50. The DXY ended the session 0.3% higher, supported by higher yields. The Aussie dollar reached a high of 0.6561 before falling to 0.6508. It is now trading at around 0.6535 with the news that officials from Japan, India and the EU extended their trade negotiation stays in the US providing the Aussie with a tailwind.
- Crude stabilised as markets weighed up the ongoing fragile truce in the middle east with over supply risks as global growth remains sluggish and reports suggest that OPEC will increase production further. Copper futures softened but remained elevated. Gold slumped as US equities hit fresh record highs on Friday. Iron ore continued holding above US$90.

International Data:

US personal income surprised to the downside in May, declining 0.4%. April's gain was also edged lower from 0.8% to 0.7%. May's decline was due to a drop in government transfers, led by social security payments. Wage & salary income growth in contrast remained buoyant, up 0.4% in May, the same pace as April. Personal spending also disappointed in May, down 0.1% in nominal terms and 0.3% abstracting for inflation. PCE inflation remained benign, prices up 0.1% in May and 2.3% over the year (0.2% and 2.7%yr for core inflation).

University of Michigan consumer sentiment was essentially unchanged in the final estimate for June at 60.7, a weak level versus history. Views on current conditions were a little firmer, offset by a marginal softening of expectations. 1-year and 5-year inflation expectations were a touch softer than the preliminary release, indicative of concerns over tariffs incrementally abating.

European Commission economic confidence edged lower in June to 94. The current level is consistent with outcomes over the past 6 months and only modestly below the average of the past 5 years, circa 100.

Local Data:

There was no notable top tier data released on Friday.

Today's key data and events

For	Data/Event	Exp	Prev
11:00am	AU MI Inflation Gauge Jun y/y		-0.4%
11:30am	AU Private Sector Credit May prev	0.6%	0.7%
11:30am	CH NBS PMIs Jun		50.4
9:50am	JN Industrial Production May	3.5%	-1.1
11:00am	NZ Employment Indicator Jun prev		-0.1%
	NZ Business Confidence Jun prev		36.6
11:45pm	US Chicago PMI Jun	42.9	40.5
12:30am	US Dallas Fed Index Jun prev	-12.0	-15.3

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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