



11 July 2025

MORNING REPORT

Today's economic developments and market movements.

Key themes

Market largely shrugged off ongoing trade tensions with key US equity markets finishing at fresh record highs.

US Treasury yields were little changed with an auction of 30-year Treasuries showing demand for longer-term debt remains strong.

The US dollar index was broadly unchanged after retracing early gains.

The Aussie outperformed, breaking fresh year to date highs. Risk on sentiment and higher iron ore prices support the Aussie.

Crude futures declined on the back of concerns over ongoing demand for energy.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	60.4	0.2%
AUD/USD	0.6584	0.8%
AUD/JPY	96.28	0.8%
AUD/GBP	0.4849	0.9%
AUD/NZD	1.0916	0.2%
AUD/EUR	0.5627	1.0%
AUD/CNH	4.7265	0.7%
AUD/SGD	0.8428	0.8%
AUD/HKD	5.1684	0.8%
AUD/CAD	0.8993	0.6%
EUR/USD	1.1701	-0.2%
USD/JPY	146.24	0.0%
USD Index	97.60	0.0%

Equities	Close	Change
S&P/ASX 200	8,589	0.6%
S&P 500	6,280	0.3%
Japan Nikkei	39,646	-0.4%
Hang Seng	24,028	0.6%
Euro Stoxx 50	5,438	-0.1%
UK FTSE100	8,976	1.2%
VIX Index	15.78	-1.0%

Commodities	Current	Change
CRB Index	300.37	-0.4%
Gold	3324.05	0.3%
Copper	9630	-1.6%
Oil (WTI futures)	66.57	-2.6%
Coal (coking)	179.00	1.7%
Coal (thermal)	118.45	0.9%
Iron Ore	98.90	3.1%
ACCU	35.58	0.6%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	3.84	-0.01
90 day BBSY	3.79	-0.03
180 day BBSY	3.88	-0.05
1 year swap	3.38	-0.01
2 year swap	3.30	0.01
3 year swap	3.36	0.03
4 year swap	3.45	0.02
5 year swap	3.56	0.02
6 year swap	3.68	0.01
7 year swap	3.79	0.01
8 year swap	3.89	0.01
9 year swap	3.98	0.01
10 year swap	4.21	0.03

Government Bond Yields	Close	Change
Australia		
3 year bond	3.43	-0.04
10 year bond	4.28	-0.06
United States		
3-month T Bill	4.25	-0.01
2 year bond	3.87	0.03
10 year bond	4.35	0.02
Other (10 year yields)		
Germany	2.71	0.03
Japan	1.50	-0.01
UK	4.60	-0.02

Sydney Futures Exchange	Current	Change
10 yr bond	4.35	0.03
3 yr bond	3.45	0.03
3 mth bill rate	3.65	0.00
SPI 200	8,600	0.3%

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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Pat Bustamante
Senior Economist, Westpac Group
P: +61 468 571 786
E: pat.bustamante@westpac.com.au

Financial Markets

- US equity markets shrugged off ongoing trade policy announcements to close at record highs. The S&P 500 closed 0.3% higher, the Dow Jones gained 0.4%, while the Nasdaq added 0.1%. Gains were supported by solid earnings reports.
- European markets were mixed with the FTSE 100 up 1.2%, while the DAX lost 0.4% and the Euro Stoxx 50 closed 0.1% in the red. The ASX 200 gained 0.6%, with futures pointing to a solid open this morning.
- US Treasury yields were little changed as a US\$22bn sale of 30-year Treasuries showed demand for longer-term debt remained strong, despite concerns about the US fiscal position and the impacts of tariffs. The 2-and-10-year bond yields were up 3 and 2 basis points, respectively. The 30-year bond yield was broadly unchanged at 4.86%. There is around 50 basis points of cuts priced in by the end of 2025.
- The 3-and-10-year Aussie bond futures are both 3 basis points higher. Markets are expecting at least two further 25 basis points cuts from the RBA this year – in September and December to take the cash rate down to around 3.1%.
- The Aussie dollar outperformed, gaining 0.8% against the Greenback and breaking fresh year to date highs. Higher commodity prices are supporting the Aussie, with iron ore back to around US\$100 per tonne. A period of consolidation is setting in leaving AUD inside its mild uptrend trend since early 2025. The US dollar traded higher after the release of the stronger than expected jobless claims but then lost ground to finish the session broadly unchanged at 97.57.
- Crude futures declined on the back of reports suggesting OPEC+ may pause output increases after its next monthly hike, raising concerns over demand for energy. Iron ore traded higher, while copper was lower following a large jump earlier in the week.

International Data:

US President Trump threatened to hit Brazil with a 50% tariff on imports from 1 August, due to what the President called an “unfair trade relationship” between the two countries and the prosecution of the country’s former president, Jair Bolsonaro. President Luiz Inacio Lula da Silva said Brazil would reciprocate with a 50% levy on US goods if Donald Trump follows through with his tariff threat.

US initial jobless claims edged down to 227k last week, consistent with little-to-no active job shedding by US businesses.

San Francisco Fed President Daly stated overnight that she still sees “two cuts as a likely outcome [in 2025] but again there’s uncertainty bands around everyone’s projections”. On

Today's key data and events

For	Data/Event	Exp	Prev
8:30am	NZ BusinessNZ Mfg PMI Jun		47.5
4:00pm	UK Monthly GDP May		-0.3%

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.

the inflationary impact of tariffs, Daly discussed the possibility that the end result may prove more modest than feared as businesses are able to adjust other costs of production and also lower margins to reduce the passthrough from wholesale import prices to consumer prices.

Federal Reserve Governor Waller noted again overnight that he believes the fed funds rate is too restrictive and that a rate cut could be considered from the July meeting, but he also recognised this view puts him in the minority amongst Committee members. Waller also discussed balance sheet reduction, suggesting that the balance sheet should remain larger than many market participants estimate. He provided a \$2.7trn estimate as a floor for bank reserves and \$5.8trn for the overall balance sheet under the ample reserves framework.

Local Data:

There was no significant top tier economic data released yesterday



Corporate Directory

Westpac Economics / Australia

Sydney

Level 19, 275 Kent Street
Sydney NSW 2000
Australia

E: economics@westpac.com.au

Luci Ellis

Chief Economist Westpac Group
E: luci.ellis@westpac.com.au

Matthew Hassan

Head of Australian Macro-Forecasting
E: mhassan@westpac.com.au

Elliot Clarke

Head of International Economics
E: eclarke@westpac.com.au

Sian Fenner

Head of Business and Industry Economics
E: sian.fenner@westpac.com.au

Justin Smirk

Senior Economist
E: jsmirk@westpac.com.au

Pat Bustamante

Senior Economist
E: pat.bustamante@westpac.com.au

Mantas Vanagas

Senior Economist
E: mantas.vanagas@westpac.com.au

Ryan Wells

Economist
E: ryan.wells@westpac.com.au

Illiana Jain

Economist
E: illiana.jain@westpac.com.au

Jameson Coombs

Economist
E: jameson.coombs@westpac.com.au

Neha Sharma

Economist
E: neha.sharma1@westpac.com.au

Westpac Economics / New Zealand

Auckland

Takutai on the Square
Level 8, 16 Takutai Square
Auckland, New Zealand

E: economics@westpac.co.nz

Kelly Eckhold

Chief Economist NZ
E: kelly.eckhold@westpac.co.nz

Michael Gordon

Senior Economist
E: michael.gordon@westpac.co.nz

Darren Gibbs

Senior Economist
E: darren.gibbs@westpac.co.nz

Satish Ranchhod

Senior Economist
E: satish.ranchhod@westpac.co.nz

Paul Clark

Industry Economist
E: paul.clarke@westpac.co.nz

Westpac Economics / Fiji

Suva

1 Thomson Street
Suva, Fiji

Shamal Chand

Senior Economist
E: shamal.chand@westpac.com.au



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