



15 July 2025

# MORNING REPORT

Today's economic developments and market movements.

## Key themes

Having threatened to impose a 30% tariff on the EU, President Trump indicated overnight an openness to further negotiations ahead of the 1 August deadline.

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Equities markets traded in relatively tight ranges. US Treasury yields fell by 1-3bp across the curve, as investors await today's release of US CPI figures and any insights into the tariff-related inflationary pressures they might bring.

The DXY index extended the upward trend that started at the beginning of the month, gaining 0.3%. The August WTI contract fell 2.2%, reversing the 2.8% gain on Friday.

## Data snapshot

FX Last 24 hrs	Current	Change	AUS Interest Rate Swaps	Last	Change
TWI	60.6	-0.2%	30 day BBSY	3.84	-0.01
AUD/USD	0.6546	-0.5%	90 day BBSY	3.77	-0.01
AUD/JPY	96.70	-0.3%	180 day BBSY	3.84	-0.01
AUD/GBP	0.4876	0.0%	1 year swap	3.40	0.01
AUD/NZD	1.0962	0.1%	2 year swap	3.33	0.02
AUD/EUR	0.5611	-0.3%	3 year swap	3.39	0.00
AUD/CNH	4.6944	-0.5%	4 year swap	3.48	0.00
AUD/SGD	0.8395	-0.4%	5 year swap	3.60	0.00
AUD/HKD	5.1382	-0.5%	6 year swap	3.71	-0.01
AUD/CAD	0.8965	-0.4%	7 year swap	3.82	-0.01
EUR/USD	1.1664	-0.2%	8 year swap	3.93	-0.01
USD/JPY	147.72	0.2%	9 year swap	4.02	-0.01
USD Index	98.11	0.3%	10 year swap	4.26	0.01

Equities	Close	Change	Government Bond Yields	Close	Change
S&P/ASX 200	8,570	-0.1%	<b>Australia</b>		
S&P 500	6,269	0.1%	3 year bond	3.49	0.03
Japan Nikkei	39,460	-0.3%	10 year bond	4.37	0.04
Hang Seng	24,203	0.3%	<b>United States</b>		
Euro Stoxx 50	5,371	-0.2%	3-month T Bill	4.23	-0.01
UK FTSE100	8,998	0.6%	2 year bond	3.90	0.01
VIX Index	17.2	4.9%	10 year bond	4.43	0.02

Commodities	Current	Change	Other (10 year yields)		
CRB Index	303.39	0.0%	Germany	2.73	0.00
Gold	3343.51	-0.4%	Japan	1.58	0.06
Copper	9619	-0.4%	UK	4.60	-0.02

			Sydney Futures Exchange	Current	Change
Oil (WTI futures)	66.92	-2.2%	10 yr bond	4.40	-0.01
Coal (coking)	179.00	0.0%	3 yr bond	3.49	0.01
Coal (thermal)	113.90	-1.0%	3 mth bill rate	3.65	0.00
Iron Ore	99.35	0.3%	SPI 200	8,601	0.6%
ACCU	35.58	0.6%			

Data as at 7:00am 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:

Financial markets traded cautiously overnight, continuing to focus on the US tariffs. Over the weekend, having threatened to impose a 30% tariff on the EU, 10 percentage points higher than the original levy set for Liberation Day, President Trump indicated overnight an openness to further negotiations ahead of the 1 August deadline. EU officials consider the 30% rate "effectively prohibitive" to transatlantic trade; however, they are prepared to retaliate if negotiations fail to achieve a satisfactory outcome.

President Trump threatened Russia with secondary tariffs of 100% and additional sanctions if the war in Ukraine does not end within 50 days. This shift in tone appears to mark the beginning of a new phase in Trump's approach toward Russia, as he signals a willingness to apply direct pressure on Putin.

On the economic data front, yesterday's Chinese trade figures showed that exports continued to grow at a robust pace. While exports to the US remained low, goods flow to other countries picked up.

- Equities markets traded in relatively tight ranges. The S&P500 reversed early losses and ended the day 0.1% higher, with financials, real estate, and communication services making gains, which were offset by losses in the energy sector. The Euro Stoxx 50 index in Europe lost 0.2%, marking a third consecutive reading in the red. Asian equities were mixed, with the Nikkei225 falling 0.3% and Chinese equities recording small gains.
- In the bond markets, US Treasury yields fell by 1-3bp across the curve, as investors await today's release of US CPI figures and any insights into the tariff-related inflationary pressures they might bring. UK Gilts rallied, as BoE Governor Andrew Bailey hinted at a quicker pace of monetary policy easing if labour market conditions deteriorate more quickly. JGBs sold off – the 10Y yield jumped 6bp – as concerns about Japanese government spending are rising ahead of the upper house election this Sunday.
- In FX markets, the DXY index extended the upward trend that started at the beginning of the month, gaining 0.3%. Against that backdrop, most other major currencies depreciated; the EUR and Yen lost 0.2%, while the GBP and AUD were down 0.5%.
- Despite Trump's comments on imposing secondary tariffs on Russia, crude futures fell, as investors bet on little disruption to the global oil trade. The August WTI contract fell 2.2%, reversing the 2.8% gain on Friday. Gold prices lost 0.4%.

## International Data:

**China's trade** figures exceeded expectations in June, with the trade balance widening from \$103.2bn to \$114.8bn, the second highest level on record. Export growth remained

## Today's key data and events

For	Data/Event	Exp	Prev
10:30am	AU Westpac-MI Consumer Sentiment Jul	-	92.6pts
12:00pm	CN GDP Q2	5.1%	5.4%
12:00pm	CN Retail Sales YoY YTD Jun	5.0%	5.0%
12:00pm	CN Industrial Production YoY YTD Jun	6.2%	6.3%
12:00pm	CN Fixed Asset Investment YoY YTD Jun	3.6%	3.7%
7:00pm	EZ Zew Survey Of Expectations Jul	-	35.3pts
7:00pm	EZ Industrial Production May	0.9%	-2.4%
10:30pm	CA CPI Jun	0.1%	0.6%
10:30pm	CA CPI Jun	1.9%	1.7%
10:30pm	US Fed Empire State Jul	-9.6pts	-16pts

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.

robust at 5.8%yr, broadly aligning with the 2024 and H1 2025 averages. Exports to the US inched upward, recouping some previous losses, suggesting that the easing of US-China tensions in May and June helped to improve trading conditions for Chinese exporters. Nevertheless, goods outflow into the US remained well below last year's levels, down 16.1%yr. This drop, however, was offset by trade diversion to other regions, particularly Asia, the EU, and Africa. While exports to Australia dropped to a three-month low, they remained slightly above the average monthly figure for last year. On the import side, following three consecutive negative readings, growth returned to positive territory, but was only 1.1%yr. Imports from the US reported -15%yr growth, only slightly higher compared to May.

## Local Data:

New Zealand retail spending levels took a step higher in June, rising 0.5% over the month. That was stronger than our forecast for a 0.2% rise and is the first increase we've seen in four months ([see here](#)).



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