



23 July 2025

MORNING REPORT

Today's economic developments and market movements.

Key themes

It was a relatively muted session overnight given a lack of top-tier economic data and by recent standards an uneventful Trump news cycle, at least for markets.

Concerns surrounding the tenure of Jerome Powell appear to be fading for now, while the US and Indonesia announced a 'deal' to lower its tariff rate to 19% from 20%.

US equities were mixed ahead of earnings for tech mega-caps. Treasury yields were lower, with 10-year yields down 15 basis points over the past five sessions.

The US dollar was softer against all its G10 peers, with the DXY index falling for a third straight session. The AUD marginally underperformed the broader rally.

Gold caught a strong bid, supported by the weaker dollar and is now just 2% off of its record high.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	60.3	-0.2%
AUD/USD	0.6552	0.5%
AUD/JPY	96.09	0.0%
AUD/GBP	0.4843	0.2%
AUD/NZD	1.0924	-0.1%
AUD/EUR	0.5576	-0.1%
AUD/CNH	4.6989	0.4%
AUD/SGD	0.8376	0.3%
AUD/HKD	5.1429	0.5%
AUD/CAD	0.8913	-0.1%
EUR/USD	1.1749	0.5%
USD/JPY	146.66	-0.5%
USD Index	97.38	-0.5%

Equities	Close	Change
S&P/ASX 200	8,677	0.1%
S&P 500	6,310	0.1%
Japan Nikkei	39,775	-0.1%
Hang Seng	25,130	0.5%
Euro Stoxx 50	5,290	-1.0%
UK FTSE100	9,024	0.1%
VIX Index	16.5	-0.9%

Commodities	Current	Change
CRB Index	303.79	-0.3%
Gold	3430.73	1.0%
Copper	9635	-0.1%
Oil (WTI futures)	65.31	-1.0%
Coal (coking)	195.00	4.0%
Coal (thermal)	112.50	2.3%
Iron Ore	105.05	1.8%
ACCU	34.13	-4.1%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	3.78	-0.01
90 day BBSY	3.74	0.01
180 day BBSY	3.77	0.00
1 year swap	3.33	0.01
2 year swap	3.25	0.01
3 year swap	3.31	0.00
4 year swap	3.39	0.00
5 year swap	3.50	0.00
6 year swap	3.62	0.00
7 year swap	3.74	-0.01
8 year swap	3.84	-0.01
9 year swap	3.94	-0.01
10 year swap	4.18	-0.02

Government Bond Yields	Close	Change
Australia		
3 year bond	3.41	0.01
10 year bond	4.30	-0.02
United States		
3-month T Bill	4.20	0.00
2 year bond	3.83	-0.03
10 year bond	4.34	-0.03
Other (10 year yields)		
Germany	2.59	-0.02
Japan	1.52	-0.02
UK	4.57	-0.03

Sydney Futures Exchange	Current	Change
10 yr bond	4.32	-0.02
3 yr bond	3.38	-0.02
3 mth bill rate	3.57	0.00
SPI 200	8,681	0.5%

Data as at 8:05am AEST. Change is from the previous trading day (excluding the SFE, which is the change during the night session). Source: Bloomberg.

Past performance is not a reliable indicator of future performance. The forecasts given above are predictive in character. Whilst every effort has been taken to ensure that the assumptions on which the forecasts are based are reasonable, the forecasts may be affected by incorrect assumptions or by known or unknown risks and uncertainties. The results ultimately achieved may differ substantially from these forecasts.



Jameson Coombs
Economist, Westpac Group
P: +61 401 102 789
E: jameson.coombs@westpac.com.au

Financial Markets:

- US equities were mixed overnight ahead of earnings for tech mega-caps. The S&P 500 eked out a 0.1% gain despite 408 of 500 stocks recording gains, such is the concentration in the 'diversified' market index. The drag came from tech with the sector down 1.1% on the day, the NASDAQ slid 0.4%. However, the S&P 500 and the NASDAQ are both within 1.0% of all-time highs. The ASX 200 was up 0.1% yesterday and futures were firmer still overnight.
- Treasury yields were down across the curve with the long-end rallying for a fifth consecutive session. 10-year yields are down 15 basis points in five sessions, while 30-year yields are down 10 basis points over the same period. Fed rate cut expectations remain little changed with just shy of 2 cuts expected for the remainder of the year.
- Aussie bond futures edged two basis points lower in the 3s and 10s overnight after finishing little changed in physical trade yesterday. The RBA meeting minutes provided little by way of new information solidifying expectations for a cut in August, and outcome that's already fully-priced into markets.
- The US dollar was lower against every G10 peer, with Skandi currencies leading the way. The DXY index was off for a second consecutive session easing to 97.38. The Aussie dollar underperformed the broader rally despite a promising jump back above 0.6550. The Japanese Yen was firmer as commentators warn of a flush lower following the weekends upper-house election results.
- Gold caught a strong bid, supported by the weaker US dollar and is now just 2% off its record high at US\$3430.73 per ounce. Crude prices were lower despite the American Petroleum Institute (API) reporting that US crude inventories fell 577k barrels last week. Russia's four-week average crude exports edged higher for a second week, averaging 3.3 million barrels a day in the four weeks to July 20.

International Data:

The June quarter ECB bank lending survey for reported "broadly unchanged credit standards for loans to firms amid geopolitical uncertainty and trade tensions" while "credit standards tightened slightly for housing loans and more markedly for consumer credit". The survey suggests uncertainty over the outlook continues to limit the benefit of policy easing on credit growth and economic activity more broadly.

The US Richmond Fed manufacturing index fell sharply to -20 in July against expectations for an improvement to -2. All of the regional surveys continue to show considerable month-to-month volatility and regularly conflict with one another.

Local Data:

The RBA Monetary Policy Board (MPB) minutes acknowledged

Today's key data and events

For	Data/Event	Exp	Prev
10:30am	AU Westpac-MI Leading Index Jun	-	-0.1%
12:00am	EZ Consumer Confidence Jul Prel.	-15pts	-15.3pts
12:00am	US Existing Home Sales Jun	-0.7%	0.8%

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.

that inflation is within target and likely to stay there, while monetary policy is 'modestly restrictive'. The labour market was viewed as still tight, though subsequent data might imply this judgement needs to evolve.

A majority of MPB members viewed holding rates steady as necessary to be consistent with strategy of being 'cautious and predictable'. By contrast, the minority of members in favour of a cut highlighted downside risks to growth and inflation, as well as the lags in the effects of monetary policy. A 50bp cut was not discussed at all.

New Zealand's trade surplus narrowed to just \$142m in June. Exports fell for a second straight month as the knee-jerk increase in trade volumes to front-run April 1 'Liberation Day' tariffs unwinds. Still, export values remain elevated compared to recent years. Imports were firmer in June, perhaps a positive sign for domestic demand, but more likely a reflection of continued volatility.



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



 westpaciq.com.au

©2025 Westpac Banking Corporation ABN 33 007 457 141 (including where acting under any of its Westpac, St George, Bank of Melbourne or BankSA brands, collectively, “Westpac”). References to the “Westpac Group” are to Westpac and its subsidiaries and includes the directors, employees and representatives of Westpac and its subsidiaries.

Things you should know

We respect your privacy: You can view our [privacy statement at Westpac.com.au](#). Each time someone visits our site, data is captured so that we can accurately evaluate the quality of our content and make improvements for you. We may at times use technology to capture data about you to help us to better understand you and your needs, including potentially for the purposes of assessing your individual reading habits and interests to allow us to provide suggestions regarding other reading material which may be suitable for you.

This information, unless specifically indicated otherwise, is under copyright of the Westpac Group. None of the material, nor its contents, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party without the prior written permission of the Westpac Group.

Disclaimer

This information has been prepared by Westpac and is intended for information purposes only. It is not intended to reflect any recommendation or financial advice and investment decisions should not be based on it. This information does not constitute an offer, a solicitation of an offer, or an inducement to subscribe for, purchase or sell any financial instrument or to enter into a legally binding contract. To the extent that this information contains any general advice, it has been prepared without taking into account your objectives, financial situation or needs and before acting on it you should consider the appropriateness of the advice. Certain types of transactions, including those involving futures, options and high yield securities give rise to substantial risk and are not suitable for all investors. We recommend that you seek your own independent legal or financial advice before proceeding with any investment decision.

This information may contain material provided by third parties. While such material is published with the necessary permission none of Westpac or its related entities accepts any responsibility for the accuracy or completeness of any such material. Although we have made every effort to ensure this information is free from error, none of Westpac or its related entities warrants the accuracy, adequacy or completeness of this information, or otherwise endorses it in any way. Except where contrary to law, Westpac Group intend by this notice to exclude liability for this information. This information is subject to change without notice and none of Westpac or its related entities is under any obligation to update this information or correct any inaccuracy which may become apparent at a later date. This information may contain or incorporate by reference forward-looking statements. The words “believe”, “anticipate”, “expect”, “intend”, “plan”, “predict”, “continue”, “assume”, “positioned”, “may”, “will”, “should”, “shall”, “risk” and other similar expressions that are predictions of or indicate future events and future trends identify forward-looking statements. These forward-looking statements include all matters that are not historical facts. Past performance is not a reliable indicator of future performance, nor are forecasts of future performance. Whilst every effort has been taken to ensure that the assumptions on which any forecasts are based are reasonable, the forecasts may be affected by incorrect assumptions or by known or unknown risks and uncertainties. The ultimate outcomes may differ substantially from any forecasts.

Conflicts of Interest: In the normal course of offering banking products and services to its clients, the Westpac Group may act in several capacities (including issuer, market maker, underwriter, distributor, swap counterparty and calculation agent) simultaneously with respect

to a financial instrument, giving rise to potential conflicts of interest which may impact the performance of a financial instrument. The Westpac Group may at any time transact or hold a position (including hedging and trading positions) for its own account or the account of a client in any financial instrument which may impact the performance of that financial instrument.

Author(s) disclaimer and declaration: The author(s) confirms that (a) no part of his/her compensation was, is, or will be, directly or indirectly, related to any views or (if applicable) recommendations expressed in this material; (b) this material accurately reflects his/her personal views about the financial products, companies or issuers (if applicable) and is based on sources reasonably believed to be reliable and accurate; (c) to the best of the author’s knowledge, they are not in receipt of inside information and this material does not contain inside information; and (d) no other part of the Westpac Group has made any attempt to influence this material.

Further important information regarding sustainability-related content:

This material may contain statements relating to environmental, social and governance (ESG) topics. These are subject to known and unknown risks, and there are significant uncertainties, limitations, risks and assumptions in the metrics, modelling, data, scenarios, reporting and analysis on which the statements rely. In particular, these areas are rapidly evolving and maturing, and there are variations in approaches and common standards and practice, as well as uncertainty around future related policy and legislation. Some material may include information derived from publicly available sources that have not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information. There is a risk that the analysis, estimates, judgements, assumptions, views, models, scenarios or projections used may turn out to be incorrect. These risks may cause actual outcomes to differ materially from those expressed or implied. The ESG-related statements in this material do not constitute advice, nor are they guarantees or predictions of future performance, and Westpac gives no representation, warranty or assurance (including as to the quality, accuracy or completeness of the statements). You should seek your own independent advice.

Additional country disclosures:

Australia: Westpac holds an Australian Financial Services Licence (No. 233714). You can access [Westpac's Financial Services Guide](#) [here](#) or request a copy from your Westpac point of contact. To the extent that this information contains any general advice, it has been prepared without taking into account your objectives, financial situation or needs and before acting on it you should consider the appropriateness of the advice.

Note: Luci Ellis, Westpac Chief Economist is a member of the Australian Statistics Advisory Council (ASAC) which is a key advisory body to the Minister and the Australian Bureau of Statistics on statistical services. Luci does not have access to sensitive data/reports in her capacity as a member of ASAC.

New Zealand: In New Zealand, Westpac Institutional Bank refers to the brand under which products and services are provided by either Westpac (NZ division) or Westpac New Zealand Limited (company number 1763882), the New Zealand incorporated subsidiary of Westpac (“WNZL”). Any product or service made available by WNZL does not represent an offer from Westpac or any of its subsidiaries (other than WNZL). Neither Westpac nor its other subsidiaries guarantee or otherwise support the performance of WNZL in respect of any such product. WNZL is not an authorised deposit-taking institution for the purposes of Australian prudential standards. The current disclosure statements for the New Zealand branch of Westpac and WNZL can be obtained at the internet address www.westpac.co.nz.

Disclaimer continues overleaf ►

Singapore: This material has been prepared and issued for distribution in Singapore to institutional investors, accredited investors and expert investors (as defined in the applicable Singapore laws and regulations) only. Recipients of this material in Singapore should contact Westpac Singapore Branch in respect of any matters arising from, or in connection with, this material. Westpac Singapore Branch holds a wholesale banking licence and is subject to supervision by the Monetary Authority of Singapore.

U.S: Westpac operates in the United States of America as a federally licensed branch, regulated by the Office of the Comptroller of the Currency. Westpac is also registered with the US Commodity Futures Trading Commission ("CFTC") as a Swap Dealer, but is neither registered as, or affiliated with, a Futures Commission Merchant registered with the US CFTC. The services and products referenced above are not insured by the Federal Deposit Insurance Corporation ("FDIC"). Westpac Capital Markets, LLC ("WCM"), a wholly-owned subsidiary of Westpac, is a broker-dealer registered under the U.S. Securities Exchange Act of 1934 ('the Exchange Act') and member of the Financial Industry Regulatory Authority ('FINRA'). In accordance with APRA's Prudential Standard 222 'Association with Related Entities', Westpac does not stand behind WCM other than as provided for in certain legal agreements between Westpac and WCM and obligations of WCM do not represent liabilities of Westpac.

This communication is provided for distribution to U.S. institutional investors in reliance on the exemption from registration provided by Rule 15a-6 under the Exchange Act and is not subject to all of the independence and disclosure standards applicable to debt research reports prepared for retail investors in the United States. WCM is the U.S. distributor of this communication and accepts responsibility for the contents of this communication. Transactions by U.S. customers of any securities referenced herein should be effected through WCM. All disclaimers set out with respect to Westpac apply equally to WCM. If you would like to speak to someone regarding any security mentioned herein, please contact WCM on +1 212 389 1269. Investing in any non-U.S. securities or related financial instruments mentioned in this communication may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the SEC in the United States. Information on such non-U.S. securities or related financial instruments may be limited. Non-U.S. companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in effect in the United States. The value of any investment or income from any securities or related derivative instruments denominated in a currency other than U.S. dollars is subject to exchange rate fluctuations that may have a positive or adverse effect on the value of or income from such securities or related derivative instruments.

The author of this communication is employed by Westpac and is not registered or qualified as a research analyst, representative, or associated person of WCM or any other U.S. broker-dealer under the rules of FINRA, any other U.S. self-regulatory organisation, or the laws, rules or regulations of any State. Unless otherwise specifically stated, the views expressed herein are solely those of the author and may differ from the information, views or analysis expressed by Westpac and/or its affiliates.

UK and EU: The London branch of Westpac is authorised in the United Kingdom by the Prudential Regulation Authority (PRA) and is subject to regulation by the Financial Conduct Authority (FCA) and limited regulation by the PRA (Financial Services Register number: 124586). The London branch of Westpac is registered at Companies House as a branch established in the United Kingdom (Branch No. BR000106). Details about the extent of the regulation of Westpac's London branch by the PRA are available from us on request.

Westpac Europe GmbH ("WEG") is authorised in Germany by the Federal Financial Supervision Authority ('BaFin') and subject to its regulation. WEG's supervisory authorities are BaFin and the German

Federal Bank ('Deutsche Bundesbank'). WEG is registered with the commercial register ('Handelsregister') of the local court of Frankfurt am Main under registration number HRB 118483. In accordance with APRA's Prudential Standard 222 'Association with Related Entities', Westpac does not stand behind WEG other than as provided for in certain legal agreements (a risk transfer, sub-participation and collateral agreement) between Westpac and WEG and obligations of WEG do not represent liabilities of Westpac.

This communication is not intended for distribution to, or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation. This communication is not being made to or distributed to, and must not be passed on to, the general public in the United Kingdom. Rather, this communication is being made only to and is directed at (a) those persons falling within the definition of Investment Professionals (set out in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order")); (b) those persons falling within the definition of high net worth companies, unincorporated associations etc. (set out in Article 49(2) of the Order); (c) other persons to whom it may lawfully be communicated in accordance with the Order or (d) any persons to whom it may otherwise lawfully be made (all such persons together being referred to as "relevant persons"). Any person who is not a relevant person should not act or rely on this communication or any of its contents. In the same way, the information contained in this communication is intended for "eligible counterparties" and "professional clients" as defined by the rules of the Financial Conduct Authority and is not intended for "retail clients". Westpac expressly prohibits you from passing on the information in this communication to any third party.

This communication contains general commentary, research, and market colour. The communication does not constitute investment advice. The material may contain an 'investment recommendation' and/or 'information recommending or suggesting an investment', both as defined in Regulation (EU) No 596/2014 (including as applicable in the United Kingdom) ("MAR"). In accordance with the relevant provisions of MAR, reasonable care has been taken to ensure that the material has been objectively presented and that interests or conflicts of interest of the sender concerning the financial instruments to which that information relates have been disclosed.

Investment recommendations must be read alongside the specific disclosure which accompanies them and the general disclosure which can be found [here](#). Such disclosure fulfils certain additional information requirements of MAR and associated delegated legislation and by accepting this communication you acknowledge that you are aware of the existence of such additional disclosure and its contents.

To the extent this communication comprises an investment recommendation it is classified as non-independent research. It has not been prepared in accordance with legal requirements designed to promote the independence of investment research and therefore constitutes a marketing communication. Further, this communication is not subject to any prohibition on dealing ahead of the dissemination of investment research.