



29 July 2025

# MORNING REPORT

Today's economic developments and market movements.

## Key themes

The US-EU trade deal announced over the weekend kick-started a revival of the USD after trading lower over the back half of July, seeing the DXY surge 1.0%. While all G10 currencies weakened against the USD, the Euro was hit the hardest, down -1.3%.

European equities also weakened in response to the trade deal. In the US, though, stocks held broadly steady around its record highs, in anticipation of what will be a jam-packed week of economic data, earnings and events.

News that President Trump has brought forward the deadline for a Russia-Ukraine truce saw crude prices rally on fears that it could spark flare-ups around supply.

Global yields were mixed but ultimately little-changed on Monday, with the US yield curve steepening marginally, Bund yields shifting lower and Gilt yields inching higher.

## Data snapshot

FX Last 24 hrs	Current	Change	AUS Interest Rate Swaps	Last	Change
TWI	60.7	0.0%	30 day BBSY	3.76	0.01
AUD/USD	0.6521	-0.7%	90 day BBSY	3.75	-0.02
AUD/JPY	96.87	-0.1%	180 day BBSY	3.84	0.02
AUD/GBP	0.4883	-0.1%	1 year swap	3.40	-0.01
AUD/NZD	1.0922	0.1%	2 year swap	3.33	0.00
AUD/EUR	0.5627	0.6%	3 year swap	3.39	0.01
AUD/CNH	4.6833	-0.5%	4 year swap	3.48	0.00
AUD/SGD	0.8390	-0.3%	5 year swap	3.59	0.00
AUD/HKD	5.1189	-0.7%	6 year swap	3.70	0.00
AUD/CAD	0.8957	-0.4%	7 year swap	3.82	0.00
EUR/USD	1.1589	-1.3%	8 year swap	3.92	0.00
USD/JPY	148.51	0.6%	9 year swap	4.01	0.00
USD Index	98.65	1.0%	10 year swap	4.25	0.01
Equities	Close	Change	Government Bond Yields	Close	Change
S&P/ASX 200	8,698	0.4%	<b>Australia</b>		
S&P 500	6,390	0.0%	3 year bond	3.48	0.00
Japan Nikkei	40,998	-1.1%	10 year bond	4.34	-0.01
Hang Seng	25,562	0.7%	<b>United States</b>		
Euro Stoxx 50	5,338	-0.3%	3-month T Bill	4.23	-0.02
UK FTSE100	9,081	-0.4%	2 year bond	3.93	0.00
VIX Index	15.03	0.7%	10 year bond	4.41	0.02
Commodities	Current	Change	<b>Other (10 year yields)</b>		
CRB Index	303.48	0.4%	Germany	2.69	-0.03
Gold	3314.61	-0.7%	Japan	1.57	-0.04
Copper	9793	-0.2%	UK	4.65	0.01
Oil (WTI futures)	66.96	2.8%	<b>Sydney Futures Exchange</b>	<b>Current</b>	<b>Change</b>
Coal (coking)	184.50	-7.3%	10 yr bond	4.38	0.01
Coal (thermal)	119.25	1.5%	3 yr bond	3.48	0.00
Iron Ore	101.80	-2.4%	3 mth bill rate	3.57	0.00
ACCU	34.13	-4.1%	SPI 200	8,605	-0.7%

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:

- US equities continue to trade broadly around its record highs, in anticipation of what will be a jam-packed week of economic data, earnings and events. The S&P 500 held steady to start the week, though the Dow Jones pared back -0.1% and the NASDAQ moved +0.3% higher, signalling tech stocks outperformed.
- Meanwhile in Europe, the US-EU trade deal saw the Euro Stoxx 50 fall -0.3%. While the deal has lessened the degree of uncertainty over the business outlook, the EU is ultimately facing higher tariffs that will hurt corporate earnings. Automakers fell more sharply in light of this sentiment, with Germany's DAX down -1.0%.
- Stocks were mostly in the green across Asia, particularly in Hong Kong (+0.7%) and Shanghai (+0.2%), though they did fall in Tokyo (-1.1%) after what was a solid rally last week. The ASX 200 started the week with a +0.4% gain, but futures markets are pointing to a weaker open this morning.
- The US yield curve steepened slightly at the start the week, with the 2-year treasury yield steady at 3.93% while the 10-year treasury yield rose 2 basis points to 4.41%. Markets remain unconvinced of a rate cut this week, with the next rate cut fully priced in for October.
- Yields were mixed across Europe. Bund yields shifted lower across the curve, with the 2-year and 10-year each falling 2 basis points to 1.92% and 2.69% respectively. Meanwhile, Gilt yields inched higher, with the 10-year up 1 basis point to 4.65%.
- The US dollar rally extended through Monday, with the DXY up 1.0% to 98.65 at the time of writing, driven by the US-EU trade deal and buoyed by more positive sentiment around tariff negotiations between the US and China. This leaves the DXY up around 1.3% over the past month, which may see the index post its first monthly gain this year.
- The USD strengthened against all G10 currencies. The Euro was understandably hit the hardest, down -1.3% as traders digested the consequences of the trade deal for Europe. The Sterling and Japanese Yen also pared back -0.6%, though recent moves look to be stabilising somewhat as we move into Asian trade.
- The Aussie dollar saw a similar result, falling -0.7% to around 0.6520 at the time of writing. Looking ahead, a busy economic and data calendar will offer plenty of opportunities for markets to reassess their expectations. Of note, markets have fully priced-in an August RBA rate cut, so any upside surprise on inflation data will be closely scrutinised.

## Today's key data and events

For	Data/Event	Exp	Prev
6:30pm	GB Net Mortgage Lending Jun	£2.4b	£2.1b
10:30pm	US Wholesale Inventories Jun Prel.	-0.1%	-0.3%
11:00pm	US FHFA House Prices May	-0.2%	-0.4%
11:00pm	US S&P/Cs Home Price Index May	-0.2%	-0.3%
12:00am	US Jolts Job Openings Jun	7500k	7769k
12:00am	US Consumer Confidence Jul	96pts	93pts

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.

- Crude rallied on news on fears that supplies could be threatened after President Trump announced he plans to move up the deadline for a truce to be made between Russia and Ukraine, seeing WTI and Brent each rise 2.8% to US\$66.96/bbl and US\$70.32/bbl respectively.
- Iron ore prices continued to fall (-2.4%) but manages to continue trading above US\$100/t, while gold prices pared back -0.7% to around US\$3314/oz. Metals priced were little-changed, with copper edging down just -0.2%.

## International Data:

In the US, Dallas manufacturing index rose from -12.7 to +0.9 in July, continuing the run of volatile outcomes for the regional surveys in 2025. The July outcome is modestly above the 5-year average of -4.1, pointing to optimism over the outlook for manufacturing in the region.

## Local Data:

There was no top tier domestic economic data released on Monday.



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