



1 June 2026

MORNING REPORT

Today's economic developments and market movements.

Key themes

Markets were generally optimistic heading into the weekend as an Iran deal appeared imminent, although continued military activity and a lack of confirmed progress underscored the fragility of any potential agreement.

Equity markets were broadly stronger, with US indices extending gains to mark a ninth consecutive winning week, and strength across Asia and Australia contrasting with weakness in Europe.

Bond markets firmed as oil prices eased, with US yields declining and Australian yields falling across the curve as expectations for further rate hikes moderated.

The USD eased modestly, with the AUD strengthening against the greenback and other major currencies.

Brent oil prices declined for a third consecutive session, while gold gained on improved risk sentiment and iron ore edged higher despite signs of contraction in China's steel sector.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	66.6	0.5%
AUD/USD	0.7172	0.3%
AUD/JPY	114.29	0.3%
AUD/GBP	0.5330	0.3%
AUD/NZD	1.2006	-0.6%
AUD/EUR	0.6154	0.1%
AUD/CNH	4.8499	0.0%
AUD/SGD	0.9155	0.3%
AUD/HKD	5.6205	0.3%
AUD/CAD	0.9896	0.4%
EUR/USD	1.1655	0.1%
USD/JPY	159.37	0.0%
USD Index	98.94	-0.1%

Equities	Close	Change
S&P/ASX 200	8,732	1.6%
S&P 500	7,580	0.2%
Japan Nikkei	66,330	2.5%
Hang Seng	25,182	0.7%
Euro Stoxx 50	6,051	-0.1%
UK FTSE100	10,409	-0.2%
VIX Index	15.32	-2.7%

Commodities	Current	Change
CRB Index	380.45	-1.1%
Gold	4540.26	1.0%
Copper	13636	-0.5%
Oil (WTI futures)	87.36	-1.7%
Coal (coking)	243.00	0.0%
Coal (thermal)	140.05	-0.5%
Iron Ore	104.70	0.1%
ACCU	36.13	-4.3%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	4.35	0.00
90 day BBSY	4.51	0.01
180 day BBSY	4.87	0.02
1 year swap	4.57	-0.02
2 year swap	4.51	-0.03
3 year swap	4.47	-0.02
4 year swap	4.46	-0.02
5 year swap	4.49	-0.01
6 year swap	4.53	-0.01
7 year swap	4.58	-0.01
8 year swap	4.63	-0.01
9 year swap	4.68	0.00
10 year swap	4.72	-0.01

Government Bond Yields	Close	Change
Australia		
3 year bond	4.48	-0.05
10 year bond	4.83	-0.07
United States		
3-month T Bill	3.59	0.00
2 year bond	4.00	-0.02
10 year bond	4.44	-0.01
Other (10 year yields)		
Germany	2.94	-0.02
Japan	2.67	-0.03
UK	4.81	0.00

Sydney Futures Exchange	Current	Change
10 yr bond	4.86	0.02
3 yr bond	4.47	-0.01
3 mth bill rate	4.48	0.01
SPI 200	8,737	-0.1%

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

Markets were generally optimistic heading into the weekend as an Iran deal appeared imminent. President Trump commented that he was ready to make a “final determination” on a preliminary agreement to extend the truce, although no further public comment was made following a meeting at the White House Situation Room on Friday. Both the US and Iran failed to confirm progress, while continuing limited military activity, with the US maintaining its blockade and Iran intercepting US drones operating in the region. This came against a backdrop of Israel expanding its assault in Lebanon against Iran’s key regional proxy Hezbollah, underscoring the fragility of any potential agreement.

- Equity markets approached the weekend with cautious optimism. In the US, the S&P 500 closed the week up 0.2%, marking its ninth consecutive weekly gain, while the NASDAQ rose 0.2% and the Dow Jones increased 0.7%.
- European equities underperformed, with the Euro Stoxx 50 down -0.1% and the FTSE 100 falling -0.2% in Friday’s session. Asian markets carried most of the optimism, with the KOSPI up 3.6%, the Nikkei 225 up 2.5% and the Hang Seng rising 0.7%. Locally, the ASX 200 recorded its strongest result in seven weeks, rising 1.6%, led by gains in mining stocks.
- US bond markets firmed as oil prices eased on expectations of a potential agreement. The 2 year yield fell 2bps and the 10 year declined 1bp. Futures pricing for the first Fed rate hike was trimmed, with markets now implying a 57% probability of a hike by year end.
- Australian government bond yields moved lower, tracking the previous day’s decline in Treasuries. The yield curve flattened, with the 3 year yield down 5bps and the 10 year falling 7bps. Swap markets now see further RBA tightening as less likely, with the implied terminal cash rate for year end at 4.52%.
- FX markets saw modest moves, with the USD easing as the DXY declined -0.1%. The euro and sterling both rose 0.1%, while the Australian dollar strengthened 0.3% against the USD to 0.7172, and also posted gains against other majors.
- Commodity markets reflected the improvement in sentiment, with Brent declining for a third consecutive session, down -1.8% to US\$92.1/bbl, and WTI falling -1.7% to US\$87.4/bbl. Gold rose 1.0%, while metals were mixed, with copper down -0.5% and aluminium up 0.2%. Iron ore gained 0.1% as China’s May steel PMI fell to 47.9, indicating contraction.

Today’s key data and events

Time	Event	Exp	Prev
10:30	JP Jibun Bank Manufacturing PMI May Final	-	54.5pts
11:00	AU MI Inflation Gauge May	-	4.3%
11:30	AU ANZ Job Ads May	-	-0.8%
11:45	CN Caixin Manufacturing PMI May	51.3pts	52.2pts
16:00	GB Nationwide House Prices May	-0.2%	0.4%
18:00	EZ HCOB Manufacturing PMI May Final	51.4pts	51.4pts
18:00	EZ M3 Money Supply Apr	3.1%	3.2%
18:30	GB S&P Manufacturing PMI May Final	53.7pts	53.7pts
19:00	EZ Unemployment Rate Apr	6.2%	6.2%
23:45	US S&P Manufacturing PMI May Final	55.3pts	55.3pts
0:00	US ISM Manufacturing May	53pts	52.7pts
0:00	US Construction Spending Apr	0.2%	0.6%

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.

International Data

The **US trade deficit** narrowed a touch in April to \$82.4bn according to the advance estimate as exports rose 4.0% and imports gained 1.9%.

US wholesale inventories rose 0.5% in April after a 1.5% increase in March. **Retail inventories** meanwhile gained 0.7%, matching March’s result.

The **US Chicago PMI** surprised in May, jumping from 49.2 to 62.7.

Local Data

We published our **GDP preview** on Friday ahead of this week’s National Accounts, with growth expected to moderate in Q1 2026 to 0.5%qtr (see [here](#)).

The **Westpac–DataX Card Tracker index** continued to drift lower in May, declining 1.6pts to 153.2, with quarterly growth in non-fuel spending essentially flat (see [here](#)).

In New Zealand, **business confidence** improved to 10.0 in May alongside the partial unwind in fuel prices (see [here](#)).



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