



2 June 2026

MORNING REPORT

Today's economic developments and market movements.

Key themes

Conflicting news coming out of the Middle East left markets whipsawing, with Iran stating that negotiations with the US have been suspended, only for President Trump to follow-up in recent hours with reassurances that talks are continuing "at a rapid pace".

Oil prices traded a wide range but ultimately finished higher, with Brent lifting 4.8% to around US\$95.49/bbl. Bonds traded a similar round trip but yields also finished higher across the most jurisdictions. The USD strengthened amid heightened uncertainty.

US share markets were largely unphased however, with AI and tech-driven momentum continuing to gather pace from late last week.

In Australia, today's partial data, ahead of the full Q1 GDP release tomorrow, will provide an initial gauge on various components of economic activity. The Fair Work Commission is also due to hand down its decision on the minimum wage and award rates at 10am AEST.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	66.8	0.3%
AUD/USD	0.7159	-0.4%
AUD/JPY	114.31	-0.1%
AUD/GBP	0.5322	-0.4%
AUD/NZD	1.2069	0.6%
AUD/EUR	0.6156	-0.1%
AUD/CNH	4.8437	-0.3%
AUD/SGD	0.9160	-0.2%
AUD/HKD	5.6123	-0.3%
AUD/CAD	0.9909	0.0%
EUR/USD	1.1631	-0.2%
USD/JPY	159.66	0.2%
USD Index	99.19	0.2%

Equities	Close	Change
S&P/ASX 200	8,729	0.0%
S&P 500	7,600	0.3%
Japan Nikkei	66,934	0.9%
Hang Seng	25,398	0.9%
Euro Stoxx 50	6,035	-0.3%
UK FTSE100	10,339	-0.7%
VIX Index	16.05	4.8%

Commodities	Current	Change
CRB Index	385.91	1.4%
Gold	4484.83	-1.2%
Copper	13832	1.4%
Oil (WTI futures)	92.38	5.7%
Coal (coking)	245.00	0.8%
Coal (thermal)	146.15	4.4%
Iron Ore	104.85	-0.6%
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	0.01
1 year swap	4.61	0.05
2 year swap	4.58	0.06
3 year swap	4.53	0.06
4 year swap	4.53	0.06
5 year swap	4.55	0.06
6 year swap	4.59	0.06
7 year swap	4.64	0.05
8 year swap	4.68	0.05
9 year swap	4.74	0.06
10 year swap	4.78	0.06

Government Bond Yields	Close	Change
Australia		
3 year bond	4.52	0.04
10 year bond	4.88	0.05
United States		
3-month T Bill	3.61	0.02
2 year bond	4.03	0.03
10 year bond	4.45	0.02
Other (10 year yields)		
Germany	3.00	0.07
Japan	2.69	0.02
UK	4.90	0.09

Sydney Futures Exchange	Current	Change
10 yr bond	4.91	0.00
3 yr bond	4.54	0.01
3 mth bill rate	4.49	0.01
SPI 200	8,717	-0.3%

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.



Ryan Wells
Economist, Westpac Group
P: +61 401 423 628
E: ryan.wells@westpac.com.au

Financial Markets

- US share markets were unphased by the initial news of US-Iran talks being suspended as tech-driven momentum continued to gather pace from late last week, only to be further buoyed by President Trump's assurance that negotiations are continuing in recent hours. The S&P 500 (+0.3%) and NASDAQ (+0.4%) both posted gains. European markets closed before assurances were made, seeing the Euro Stoxx 50 (-0.3%) and London's FTSE 100 (-0.7%) decline.
- Upbeat AI optimism proved too infectious to wane over the weekend, seeing Asian share markets surge on Monday following Friday's rally in the US. Stocks moved higher across Tokyo (+0.9%), Hong Kong (+0.9%) and Seoul (+3.7%). The ASX 200 finished flat, masking a sharp contrast in sector performance, with a rally in tech stocks more than offsetting declines elsewhere. Futures markets are pointing to a weaker open this morning.
- Treasury yields did a full-round trip in response to a contrasting news flow over the future of US-Iran negotiations – a spike in yields eventually being nearly fully unwound. Higher oil prices throughout still meant that yields finished higher, with the 2Y and 10Y up 3bps and 2bps to 4.03% and 4.46% respectively. Markets are back to pricing in a Fed rate hike in 2027, with a more than 50% chance of a move before the end of this year.
- Yields moved higher elsewhere across the globe, with the 10Y Bund and Gilt up 7bps and 9bps respectively – prior to more recent assurance from President Trump that talks are continuing. ACGB yields also moved higher, the 3Y and 10Y both up 5bps to 4.52% and 4.88% respectively. RBA market pricing is little-changed.
- The USD rose amid heightened uncertainty around US-Iran negotiations, seeing the DXY finish 0.2% higher to 99.19 at the time of writing. The main crosses mostly slipped against the greenback, with the Euro falling -0.2%, the Loonie down -0.3%, while the Sterling held broadly steady. The Japanese Yen also shed -0.2%, and at around JPY159.7, it is rapidly approaching the levels last reached when authorities intervened on April 30.
- The Aussie dollar slipped -0.4% against the greenback, trading down to around USD0.7160 at the time of writing. Today's partial data, ahead of the full Q1 GDP release tomorrow, will provide an initial gauge on various components of economic activity. The Fair Work Commission is also due to hand down its decision on the minimum wage and award rates at 10am AEST.

Today's key data and events

Time	Event	Exp	Prev
10:30	RBA Board Member Harper – Speech	–	–
11:30	AU Current Account Balance Q1	-\$24.8bn	-\$21.1bn
11:30	AU Net Exports Contribution Q1	-0.6ppts	-0.6ppts
11:30	AU Company Profits Q1	0.5%	5.8%
11:30	AU Inventories Q1	-0.1%	-0.1%
11:30	AU Dwelling Approvals Apr	-1.5%	-10.5%
15:50	US FedSpeak – Kashkari	–	–
19:00	EZ CPI May y/y	3.3%	3.0%
22:30	US FedSpeak – Hammack	–	–
0:00	UK BoE Governor Bailey – Speech	–	–
0:00	US JOLTS Job Openings Apr	6870k	6866k

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 oil traded a wide range in reaction to conflicting news flow, with prices spiking more than US\$4/bbl higher on the news that Iran suspending talks with the US, only to be pared back as President Trump assured that “talks are continuing, at a rapid pace”. Brent and WTI ultimately finished 4.8% and 5.8% higher at US\$95.49/bbl and US\$92.38/bbl respectively.
- Metals rallied, with copper and aluminium both up 1.4% overnight, with traders closely monitoring news on the decision around US tariffs for copper that is due by the end of the month. Gold prices meanwhile fell by -1.2% to around US\$4,484/oz against the backdrop of higher real yields.

International Data

In the US, May's **ISM manufacturing PMI** surprised to the upside, rising 1.3pts to 54.0, its highest level in four years. The main driver was stronger new orders and exports, with the latter back into expansionary territory; production also strengthened, while employment held broadly steady.

In the Euro Area, April's **unemployment rate** held steady at 6.3%, while earlier data was revised up slightly. In China, the **RatingDog manufacturing PMI** softened in May, falling 0.4pt to 51.8, but after last month's rebound, it remains above-average and in expansionary territory.

Local Data

In Australia, May's **Cotality home price index** fell -0.1%, the slowdown most pronounced in Sydney and Melbourne, though the full impact of recent interest rate rises and housing-related tax policy changes is still to come (see [here](#)). Meanwhile, May's **ANZ-Indeed job ads** jumped 1.8%, unwinding some of the softness in the last two months, leaving the index broadly in line with the levels observed through last year.



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

Neha Sharma

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

Luka Belobrajdic

Economist
E: luka.belobrajdic@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

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