



11 June 2026

# MORNING REPORT

Today's economic developments and market movements.

## Key themes

Markets declined despite a softer-than-expected US core CPI print in May, as geopolitical tensions dominated after President Trump pledged to attack Iran, stating “We’re going to be attacking them, attacking them very hard” and blaming Iran for prolonging peace talks. Strikes were reportedly occurring early Thursday morning.

US equity markets fell sharply, with losses extending across Europe and Asia while the ASX 200 bucked the trend.

US Treasuries saw minor moves, with yields rising modestly as Middle East tensions offset the initial easing from the softer core CPI print.

The USD firmed modestly on heightened geopolitical risk, with the AUD underperforming and most major currencies weakening against the greenback.

Oil gained on US threats against Iran, with President Trump’s assurances around safe shipping through the Strait capping gains, while gold posted its worst daily performance since February.

## Data snapshot

FX Last 24 hrs	Current	Change
TWI	65.6	-0.5%
AUD/USD	0.7000	-0.4%
AUD/JPY	112.36	-0.3%
AUD/GBP	0.5236	-0.3%
AUD/NZD	1.2067	-0.1%
AUD/EUR	0.6066	-0.4%
AUD/CNH	4.7466	-0.4%
AUD/SGD	0.9011	-0.4%
AUD/HKD	5.4857	-0.4%
AUD/CAD	0.9764	-0.3%
EUR/USD	1.1539	-0.1%
USD/JPY	160.51	0.1%
USD Index	100.03	0.1%

Equities	Close	Change
S&P/ASX 200	8,653	0.6%
S&P 500	7,267	-1.6%
Japan Nikkei	64,179	-1.9%
Hang Seng	24,408	-0.6%
Euro Stoxx 50	6,010	-0.7%
UK FTSE100	10,255	0.3%
VIX Index	22.22	11.8%

Commodities	Current	Change
CRB Index	373.42	0.3%
Gold	4073.92	-4.4%
Copper	13516	-0.7%
Oil (WTI futures)	90.03	2.1%
Coal (coking)	246.00	0.0%
Coal (thermal)	148.00	0.7%
Iron Ore	101.70	0.8%
ACCU	36.13	-4.3%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	4.36	0.00
90 day BBSY	4.51	-0.02
180 day BBSY	4.91	-0.03
1 year swap	4.57	-0.02
2 year swap	4.53	-0.02
3 year swap	4.49	-0.01
4 year swap	4.49	-0.01
5 year swap	4.51	-0.01
6 year swap	4.56	-0.02
7 year swap	4.61	-0.01
8 year swap	4.66	-0.01
9 year swap	4.71	-0.01
10 year swap	4.76	-0.01

Government Bond Yields	Close	Change
<b>Australia</b>		
3 year bond	4.51	-0.04
10 year bond	4.89	-0.03
<b>United States</b>		
3-month T Bill	3.63	0.01
2 year bond	4.14	0.03
10 year bond	4.55	0.04
<b>Other (10 year yields)</b>		
Germany	3.08	0.03
Japan	2.69	0.01
UK	4.93	0.03

Sydney Futures Exchange	Current	Change
10 yr bond	4.91	0.00
3 yr bond	4.51	0.00
3 mth bill rate	4.47	0.01
SPI 200	8,601	-0.8%

Data as at 7:15am 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 declined overnight despite a softer-than-expected US core CPI print, as geopolitical tensions dominated. The risk-off tone followed President Trump's pledge of fresh strikes on Iran, stating "We're going to be attacking them, attacking them very hard" and blaming Iran for prolonging peace talks. His comments pushed equities lower and oil higher, although gains in crude were capped by earlier remarks that the US military had facilitated the passage of more than 200 commercial ships through the Strait of Hormuz, delivering over 100mn barrels of oil to market. Negotiations remain ongoing, with Qatar reportedly engaging both Iran and the US separately this week. This despite news that the US had begun striking targets in Iran early on Thursday morning.

- Equity markets were broadly weaker, as a broad tech sell-off was exacerbated by rising geopolitical risk. The S&P 500 fell -1.6%, returning to early May levels, while the Dow Jones dropped -1.9% and the NASDAQ declined -2.0%. Volatility picked up, with the VIX rising 11.8% to 22.2. In Europe, stocks slipped -0.7% ahead of today's ECB policy decision, while the FTSE100 edged up 0.3%.
- Asian equities also traded lower, with markets rotating out of tech ahead of the US CPI release. The KOSPI led losses, falling -4.5%, followed by the Nikkei 225 (-1.9%) and the Hang Seng (-0.6%). The ASX200 bucked the regional trend, rising 0.6% to snap a three-day decline, supported by banks and consumer stocks.
- US Treasury yields were little changed overall all things considered, with softer CPI initially weighing on yields before Middle East tensions reversed the move. The 2-year yield rose 3bps, while the 10-year yield increased 4bps. Fed funds futures continue to price a December hike, leaving the implied terminal rate at 3.875% by year-end.
- Australian government bond yields were modestly lower, with the 3-year down 4bps and the 10-year easing 3bps. Swap markets remain reluctant to fully price further RBA tightening this year.
- In FX, the USD firmed modestly amid heightened geopolitical risk, with the DXY up 0.1%. The AUD underperformed, falling -0.4% to 0.7000 and also weakening against other majors. The euro and sterling both declined -0.1%, while USD/JPY rose 0.1%.
- Commodity markets were led by oil, which gained on renewed US threats against Iran but remained capped by assurances around shipping through the Strait of Hormuz. Brent rose 3.5% to US\$94.6/bbl, while WTI increased 2.1% to US\$90.0/bbl.
- Gold fell sharply ahead of US CPI and extended losses amid

## Today's key data and events

Time	Event	Exp	Prev
22:15	EZ ECB Policy Decision	2.4%	2.2%
22:30	US Initial Jobless Claims	220k	225k
22:30	US PPI May	0.7%	1.4%

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.

shifting sentiment, down -4.4% to US\$4074/oz—its largest daily fall since February. Base metals were weaker, with copper down -0.7% and aluminium falling -2.3%, while iron ore rose 0.8%.

## International Data

The **US CPI** was mixed in May, headline inflation printing in line with expectations at 0.5% following a 0.6% increase in April, while core inflation was 0.1ppts below consensus at a benign 0.2%. Energy prices drove the headline result, up 3.9% in the month as gasoline prices jumped a further 7.0%. Food inflation was modest at 0.2%. Within core inflation, goods prices declined 0.1% while services prices rose 0.3%. Core inflation has printed at 0.2% for four of the past six months, and the monthly average is 0.25%, suggesting underlying inflation in the US is only modestly above the 2.0%yr medium-term target. Annual headline inflation is now 4.2%yr, but core inflation only 2.9%yr.

The **Bank of Canada** maintained its policy rate at 2.25% at the June meeting as expected. The Middle East conflict and US trade policy were highlighted as inflationary risks, but Canadian GDP remains weak, having disappointed in Q1 at -0.1%, and employment stalled on a multi-month basis. GDP growth is expected to return in coming quarters, but "the economy is expected to remain in excess supply". An extended period of on-hold policy is likely as risks are worked through.

## Local Data

Our New Zealand team published their **GDP preview** ahead of next week's release, with growth expected to lift to 1.0%qtr in Q1 2026 (see [here](#)).



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