15 June 2026

MORNING REPORT

Today's economic developments and market movements.

Key themes

Markets finished on an optimistic note last week, buoyed much more assuring tone from both the US and Iran that an agreement is imminent. Brent crude oil traded toward the lower end of its conflict-era range, around US$87/bbl, and share markets rallied globally.

As we go to press, Pakistan's Prime Minister announced that a peace deal has been reached, with both the US and Iran declaring an "immediate and permanent termination of military operations", with a deal set to be signed in Switzerland on Friday.

President Trump has since confirmed this news, stating that a deal is now "complete" and that toll-free transit through the Strait of Hormuz is now authorised.

These announcements make for a very fluid and more optimistic geopolitical backdrop ahead of policy meetings from the RBA and BoE this week. Holds are expected from both central banks, though the tone of language given recent developments will be closely scrutinised.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	65.6	0.2%
AUD/USD	0.7051	0.0%
AUD/JPY	112.87	0.1%
AUD/GBP	0.5258	0.1%
AUD/NZD	1.2082	0.0%
AUD/EUR	0.6091	0.0%
AUD/CNH	4.7684	-0.1%
AUD/SGD	0.9051	-0.1%
AUD/HKD	5.5252	-0.1%
AUD/CAD	0.9854	0.1%
EUR/USD	1.1577	-0.1%
USD/JPY	160.05	0.2%
USD Index	99.75	-0.1%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	4.35	-0.01
90 day BBSY	4.52	0.01
180 day BBSY	4.89	-0.01
1 year swap	4.53	-0.01
2 year swap	4.46	-0.01
3 year swap	4.40	-0.02
4 year swap	4.40	-0.02
5 year swap	4.43	-0.02
6 year swap	4.48	-0.02
7 year swap	4.54	-0.02
8 year swap	4.59	-0.02
9 year swap	4.64	-0.02
10 year swap	4.69	-0.02

Equities	Close	Change
S&P/ASX 200	8,804	2.0%
S&P 500	7,431	0.5%
Japan Nikkei	66,020	2.8%
Hang Seng	24,718	1.9%
Euro Stoxx 50	6,188	2.2%
UK FTSE100	10,472	1.6%
VIX Index	17.68	-9.1%

Commodities	Current	Change
CRB Index	368.86	-0.2%
Gold	4219.33	0.2%
Copper	13698	1.6%
Oil (WTI futures)	84.88	-3.2%
Coal (coking)	244.00	-0.4%
Coal (thermal)	144.00	-2.0%
Iron Ore	101.60	0.2%
ACCU	36.13	-4.3%

Government Bond Yields	Close	Change
Australia		
3 year bond	4.42	-0.07
10 year bond	4.81	-0.08
United States		
3-month T Bill	3.62	-0.01
2 year bond	4.08	0.02
10 year bond	4.48	0.02
Other (10 year yields)		
Germany	3.00	-0.04
Japan	2.63	-0.06
UK	4.84	-0.07

Sydney Futures Exchange	Current	Change
10 yr bond	4.83	0.00
3 yr bond	4.39	-0.04
3 mth bill rate	4.54	0.00
SPI 200	8,853	0.4%

Data as at 7:20am 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

It is once again appearing like the situation in the Middle East was tilting towards a resolution – this time, supported by much more assuring tone from both the US and Iran that an agreement is imminent. This gave way for markets to finish last week on a much more optimistic note – crude oil fell towards conflict-era lows while share markets rallied – although at the time, specific details around the 'deal' were still mostly unknown.

Just as we go to press, Pakistan's Prime Minister has announced that a peace deal has been reached, with the US and Iran sides declaring an "immediate and permanent termination of military operations", with a deal set to be signed in Switzerland on Friday. President Trump has confirmed this news, stating that a deal is now "complete" and that toll-free transit through the Strait of Hormuz is now authorised.

- Share markets were in the green across the globe, with risk sentiment buoyed by growing optimism around an imminent 'deal' to be signed between the US and Iran. Sentiment in US markets were further buoyed by a strong showing from the much-anticipated SpaceX IPO. The S&P 500 (+0.5%), NASDAQ (+0.3%) and Dow Jones (+0.7%) all rose.
- European and Asian markets also finished last week on a strong note, with hopes for peace supporting the mood. The Euro Stoxx 50 (+2.2%) and FTSE 100 (+1.6%) both posted large gains, alongside the Nikkei 225 (+2.8%), Hang Seng (+1.9%) and CSI 300 (+1.2%). The ASX 200 also rounded out the week with a 2.0% gain driven by miners.
- Treasuries sold off a touch on Friday but held onto most of its gains following a strong rally across the curve the day prior. 2Y and 10Y both rose 2bps to 4.08% and 4.48% respectively, while futures markets continue to see at least one Fed rate hike next year. Bunds continued to rally as ECB policy rate expectations continued on peace deal optimism. Gilt yields also fell in similar vein in anticipation of this week's BoE meeting which is expected to be another on-hold decision.
- ACGBs followed a similar trend, with the 3Y and 10Y yields falling 7bps and 8bps to 4.42% and 4.81% respectively during local trading, with momentum carrying into shorter-maturity futures trading on Friday night. This sets the scene for the RBA policy decision this week – a pause is universally expected, but guidance around near-term policy will be closely scrutinised.
- The USD edged slightly lower on Friday, the DXY falling –0.1% to 99.75, with most currencies strengthening against the greenback. In early trade this morning, with the latest news of a 'deal' being signed between the US and Iran, this momentum in currencies has continued, with the USD depreciating broadly across the DXY basket.

Today's key data and events

Time	Event	Exp	Prev
8:30	NZ BusinessNZ PSI May	-	48.9pts
8:45	NZ Card Spending May	-	-1.6%
9:01	GB Rightmove House Prices Jun	-	1.2%
19:00	EZ Industrial Production Apr	0.2%	0.2%
22:30	US Fed Empire State Jun	13.2pts	19.6pts
0:00	US NAHB Housing Market Jun	37pts	37pts

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.

- The Aussie dollar finished Friday broadly stable but has risen strongly in early trade this morning, currently north of USD0.7070 at the time of writing. The latest detail of a deal being signed between the US and Iran will remain a clear driver of the pair near-term, but it will also make for an interesting backdrop for the RBA's meeting this week – the tone of guidance will be closely scrutinised amid a fluid global backdrop.
- Crude oil prices continued to fall towards conflict-era lows on Friday, a direct reflection of the growing sense of optimism around the imminent resolution to the conflict. Brent and WTI ultimately finished 3.4% and 3.2% lower at US$87.33/bbl and US$84.88/bbl respectively.
- Metals markets were buoyed by positive risk sentiment, with the rolling three-month futures contract for copper, aluminium and nickel rising 1.6%, 0.9% and 0.8% respectively on the LME. Gold was broadly stable amid rallies across risk assets, edging 0.2% higher to around US$4,219/oz.

International Data

In the US, the **University of Michigan Consumer Sentiment Index** rose from 44.8 to 48.9 in June, beating expectations although still very weak around historic lows, pointing to entrenched pessimism among consumers. Both current conditions and expectations improved in the month, likely buoyed by a slight moderation in inflation expectations on both the one-year (4.6%yr) and five-year (3.4%yr) horizon.

Meanwhile in the UK, **GDP** edged 0.1% lower in April, in line with expectations. After a robust showing in Q1, growth is starting to slow as households feel the pinch from higher energy costs, which is weighing on services activity in particular.

Local Data

Westpac published its **June Market Outlook** which contains our updated forecasts and latest analysis on the Australian and global economy (see here). Westpac Chief Economist Luci Ellis also reiterated our call for the **RBA to remain on hold** this week (see here).

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