



19 June 2026

MORNING REPORT

Today's economic developments and market movements.

Key themes

Markets steadied after yesterday's sell-off, with sentiment supported by President Trump's preliminary MOU to end the war taking effect and the first wave of Persian Gulf oil leaving the Strait, although details on Iran's future tolling arrangements remain unclear.

Equities rebounded in the US, while other regions showed a mixed performance.

Bond yields retraced some of the prior session's rise, with US Treasury yields slightly lower on the day, while gilts saw modest moves following the BoE decision to hold rates steady, in line with market consensus.

The USD strengthened further, while the AUD held steady against the USD but outperformed most other major currencies.

Oil prices declined following the MOU and increased supply expectations, while gold fell on Fed repricing, and base metals weakened.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	65.7	0.0%
AUD/USD	0.7020	0.0%
AUD/JPY	113.31	0.4%
AUD/GBP	0.5315	0.6%
AUD/NZD	1.2196	0.2%
AUD/EUR	0.6126	0.4%
AUD/CNH	4.7587	0.0%
AUD/SGD	0.9057	0.2%
AUD/HKD	5.5019	0.0%
AUD/CAD	0.9923	0.3%
EUR/USD	1.1460	-0.4%
USD/JPY	161.40	0.5%
USD Index	100.81	0.7%

Equities	Close	Change
S&P/ASX 200	8,911	-0.6%
S&P 500	7,501	1.1%
Japan Nikkei	71,053	1.6%
Hang Seng	23,925	-1.6%
Euro Stoxx 50	6,323	0.4%
UK FTSE100	10,400	-1.0%
VIX Index	16.4	-11.1%

Commodities	Current	Change
CRB Index	362.07	-0.7%
Gold	4210.52	-1.1%
Copper	13690	-0.9%
Oil (WTI futures)	76.60	-0.2%
Coal (coking)	243.00	-0.4%
Coal (thermal)	131.25	-3.0%
Iron Ore	99.35	0.1%
ACCU	36.13	-4.3%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	4.36	0.01
90 day BBSY	4.52	0.00
180 day BBSY	4.90	0.01
1 year swap	4.55	-0.01
2 year swap	4.48	-0.01
3 year swap	4.43	-0.01
4 year swap	4.41	0.04
5 year swap	4.43	0.03
6 year swap	4.47	0.03
7 year swap	4.52	0.03
8 year swap	4.57	0.02
9 year swap	4.62	0.02
10 year swap	4.66	0.02

Government Bond Yields	Close	Change
Australia		
3 year bond	4.42	0.04
10 year bond	4.77	0.00
United States		
3-month T Bill	3.66	-0.02
2 year bond	4.18	-0.01
10 year bond	4.45	-0.03
Other (10 year yields)		
Germany	2.93	0.00
Japan	2.62	0.02
UK	4.76	0.01

Sydney Futures Exchange	Current	Change
10 yr bond	4.83	0.02
3 yr bond	4.43	0.02
3 mth bill rate	4.54	0.00
SPI 200	8,854	-0.6%

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 steadied following yesterday's sell off, although moves were not fully reversed, with the USD continuing to advance. President Trump's digital signing of a preliminary deal helped buoy sentiment and weighed on crude, with a US official confirming the MOU is now in effect. Trump reiterated the ceasefire includes Lebanon, Hezbollah and Israel, with officials now working on details of Iran's nuclear program. There was little confirmation as to whether Iran would be permitted to charge tolls in the Strait following the expiry of the 60 day MOU.

Elsewhere, the BoE left rates unchanged in a 7-2 vote, with most members taking comfort from the recent fall in energy prices, reducing the likelihood of second round effects.

- Equities rebounded in the US following yesterday's sell off. The S&P 500 rose 1.1%, the NASDAQ gained 1.8%, while the Dow Jones was more modest, up 0.1%. In Europe, the Euro Stoxx 50 rose 0.4%, while the FTSE 100 declined -1.0% following the BoE decision.
- Asian markets were mixed, with the KOSPI up 2.3% and the Nikkei 225 rising 1.6%, while the Hang Seng underperformed, falling -1.6%. Locally, the ASX 200 declined -0.6% as markets continued to adjust to the Fed's hawkish tilt.
- US Treasury's retraced some of the prior session's moves, with the 2 year yield falling 1bp, while the 10 year yield declined 3bps. Futures markets continue to fully price an additional Fed hike this year, with October seen as the likely timing. Elsewhere, gilt yields moved modestly following the BoE decision in line with consensus, with the 10 year up 1bp.
- Australian government bond markets saw a flattening in the yield curve, with the 3 year yield up 4bps and the 10 year unchanged. Swap markets remain reluctant to fully price further RBA tightening this year.
- FX markets saw continued USD strength, with the DXY up 0.7%. The AUD held up relatively well, closing flat at 0.7020 against the USD while appreciating against other crosses. The sterling was among the weakest performers (-0.7%) following the BoE's hawkish leaning statement, while the yen (-0.5%) and euro (-0.4%) also declined.
- Commodities saw further easing in oil prices following the signing of the preliminary MOU and reports that the first wave of Persian Gulf oil has left the Strait. Brent and WTI both fell -0.2% to US\$79.4/bbl and US\$76.6/bbl respectively.
- Gold saw a brief recovery following the MOU signing before the hawkish Fed repricing drove prices lower, declining -1.1%. Base metals were softer, with copper down -0.9% and aluminium falling -0.7%, while iron ore rose 0.1%.

Today's key data and events

Time	Event	Exp	Prev
8:45	NZ Trade Balance May	-	NZ\$1920m
9:01	GB Gfk Consumer Sentiment Jun	-23pts	-23pts
9:30	JP CPI May	1.5%	1.4%
16:00	GB Public Sector Borrowing May	£18.9b	£24.3b
16:00	GB Retail Sales May	0.5%	-1.3%

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 **Bank of England's** policy announcement contained few major surprises, with seven of the nine Monetary Policy Committee members voting to keep Bank Rate unchanged at 3.75%. The central bank did not update its forecasts and there was no press conference.

The minutes showed that Chief Economist Huw Pill and external member Megan Greene preferred a 25bp hike as a risk-management response to the possibility of more material second-round effects from higher energy prices.

Other members took comfort from the recent fall in energy prices, which reduced the likelihood of second-round effects. The latest soft labour market and inflation prints were interpreted as evidence that the disinflationary process was already well underway before the Middle East conflict. Meanwhile, the recent tightening in financial conditions was seen as already leaning against emerging inflationary pressures.

Despite the clear vote to leave rates unchanged, the Committee's policy statement retained the hawkish tone of the previous meeting, continuing to note that the future policy stance will depend closely on the evolution of energy prices and, crucially, the risk of material second-round effects.

Because the UK's regulated household energy prices are smoothing the impact of the shock on the economy, the full picture is likely to emerge only gradually. Against that backdrop, the forward guidance once again emphasised the Committee's vigilance, noting "it stands ready to act as necessary to ensure that CPI inflation remains on track to meet the 2% target".

The **UK's ILO unemployment rate** edged down from 5.0% to 4.9% in the three months to April, with employment reported to have risen 100k over the same period.

US initial jobless claims were little changed at 226k last week, consistent with a stable labour market in robust health.

The **US leading index** edged down from 0.2% to 0.1% in May, pointing to trend growth in coming months.

Local Data

In New Zealand, **GDP** rose 0.8% in the March quarter, driven by strong gains in manufacturing, wholesale trade, retailing and professional services. While slightly below our New Zealand team's forecast, upward revisions to recent history meant the overall result was stronger than expected (see [here](#)).



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