23 June 2026

MORNING REPORT

Today's economic developments and market movements.

Key themes

It was a quiet start to the week data-wise, leaving markets to remain focused on developments surrounding US-Iran negotiations as US markets came back from a public holiday last week.

While off to a tenuous start, US Vice President Vance cited “very good progress”, with mentions of a “deconfliction mechanism”, the handling of Iran’s frozen assets to purchase US goods and claims that nuclear inspectors will be allowed back into the country.

Oil prices resumed its slide, with Brent falling –3.3% to US$77.95/bbl. Stocks and bonds rallied across most markets bar the US, where tech stocks weighed on the major indexes and treasury yields rose. The USD edged slightly higher across major currencies.

Keir Starmer meanwhile announced his resignation as Prime Minister. A new Prime Minister will be selected through the Labour Party leadership contest. Andy Burnham is the leading candidate.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	65.7	0.2%
AUD/USD	0.7003	-0.1%
AUD/JPY	113.13	0.1%
AUD/GBP	0.5284	-0.3%
AUD/NZD	1.2247	0.3%
AUD/EUR	0.6127	0.2%
AUD/CNH	4.7468	-0.2%
AUD/SGD	0.9053	0.0%
AUD/HKD	5.4900	-0.1%
AUD/CAD	0.9918	-0.1%
EUR/USD	1.1428	-0.4%
USD/JPY	161.55	0.2%
USD Index	101.00	0.1%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	4.35	0.00
90 day BBSY	4.52	0.00
180 day BBSY	4.86	-0.02
1 year swap	4.54	-0.02
2 year swap	4.47	-0.03
3 year swap	4.41	-0.04
4 year swap	4.42	-0.02
5 year swap	4.45	-0.01
6 year swap	4.49	-0.02
7 year swap	4.54	-0.02
8 year swap	4.60	-0.01
9 year swap	4.65	-0.01
10 year swap	4.70	-0.01

Equities	Close	Change
S&P/ASX 200	8,816	-0.1%
S&P 500	7,473	-0.4%
Japan Nikkei	72,354	1.5%
Hang Seng	23,769	-0.7%
Euro Stoxx 50	6,311	0.3%
UK FTSE100	10,438	0.7%
VIX Index	17.28	3.0%

Commodities	Current	Change
CRB Index	359.56	-0.7%
Gold	4191.21	0.8%
Copper	13649	0.4%
Oil (WTI futures)	73.86	-2.6%
Coal (coking)	243.00	0.0%
Coal (thermal)	131.15	0.0%
Iron Ore	98.45	-0.4%
ACCU	36.13	-4.3%

Government Bond Yields	Close	Change
Australia		
3 year bond	4.45	-0.01
10 year bond	4.81	0.00
United States		
3-month T Bill	3.68	0.01
2 year bond	4.23	0.05
10 year bond	4.51	0.06
Other (10 year yields)		
Germany	2.95	-0.03
Japan	2.68	0.03
UK	4.81	-0.03

Sydney Futures Exchange	Current	Change
10 yr bond	4.86	0.01
3 yr bond	4.42	-0.02
3 mth bill rate	4.54	0.00
SPI 200	8,831	0.2%

Data as at 7:30am 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 was a quiet start to the week data-wise, leaving the focus on developments surrounding US-Iran negotiations following last week's signing of an MOU. While off to a tenuous start over the weekend, US Vice President Vance has cited "very good progress" regarding the talks. There have been mentions of a "deconfliction mechanism" to lower the risk of a broader re-escalation in the conflict, discussion around the handling of Iran's frozen assets to purchase US soy, corn and wheat, and claims that nuclear inspectors will be allowed back into the country, although Iran later refuted that claim. Negotiations remain ongoing as they hope to finalise the technical detail around a final deal.

In other news, Keir Starmer has announced his resignation as Prime Minister. A new prime minister will now be selected through the Labour Party leadership contest, with nominations opening on 9 July and the process expected to conclude by the end of the European summer at the latest. Andy Burnham, the former Greater Manchester mayor who won a seat in the House of Commons in last week's by-elections, is the leading candidate to become the seventh Prime Minister in ten years and, given his popularity, is unlikely to face much competition. Burnham has not yet detailed his policy platform, which will be of interest for markets given the existing strain on fiscal policy – the government deficit is expected to be above 3.5% of GDP and public net debt at 95% this financial year, while the tax burden is on track to reach its highest level on record.

- Share markets were broadly positive across the globe besides in the US, where a tech-led slide in stocks weighed on the S&P 500 (–0.4%) and NASDAQ (–1.3%), while the Dow Jones lifted (+0.3%). Elsewhere, constructive sentiment around US-Iran negotiations seemed to buoy share markets, with gains across Europe (+0.3%), London (+0.7%), Tokyo (+1.5%) and Shanghai (+2.4%). The ASX 200 meanwhile slide –0.1%, weighed by a slide in miners, although futures markets are pointing to a positive open this morning.
- Treasuries continued to sell-off on Monday, seeing yields rise across the curve – the 2Y and 10Y rose 5bps and 6bps to 4.23% and 4.51% respectively, despite the relatively constructive news stemming from US-Iran negotiations and falling oil prices. However, the move does come as market pricing for upcoming fed funds rate hikes continues to strengthen. Yields meanwhile dropped in Europe and the UK, while they held broadly steady in Australia. Swaps markets are pricing in a 30% chance of an RBA rate hike in August, ahead of this week's inflation and labour market data that will be important inputs into the next decision.

Today's key data and events

Time	Event	Exp	Prev
10:30	JP S&P Manufacturing PMI Jun Prel.	–	54.5pts
10:30	JP S&P Services PMI Jun Prel.	–	50pts
18:00	EZ S&P Manufacturing PMI Jun Prel.	51.6pts	51.6pts
18:00	EZ S&P Services PMI Jun Prel.	48.6pts	47.7pts
18:30	GB S&P Services PMI Jun Prel.	50pts	49.3pts
18:30	GB S&P Manufacturing PMI Jun Prel.	53.5pts	53.9pts
23:45	US S&P Manufacturing PMI Jun Prel.	54.6pts	55.1pts
23:45	US S&P Services PMI Jun Prel.	51pts	50.7pts
0:00	US Richmond Fed Jun	8pts	13pts

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 USD traded a fairly tight range and managed to edge slightly higher on Monday, the DXY up 0.1% to a level of 101. Most of the major crosses slid against the greenback, albeit to varying degrees: the Euro down –0.4% and the Yen down –0.2%. The Sterling bucked this wider trend, instead rising around 0.2%, finding clear support when the news broke that Keir Starmer has resigned from office, although this has only partially retraced some of last week's slide. The Aussie dollar slid around –0.1% to trade an even USD0.70.
- Crude oil prices have resumed its slide early this week following a consolidation late last week in the lead-up to the MOU signing and negotiations. Markets are starting to take comfort from the early progress being reported in the early rounds of talks, seeing WTI and Brent fall –2.6% and –3.3% to US$73.86/bbl and US$77.95/bbl respectively, similar to last week's lows which are also near the lowest since the onset of the conflict. Metals markets were mixed and moves were fairly modest, LME copper rising 0.4% on more positive risk sentiment while aluminium pared back –0.9%. Gold meanwhile rose 0.8% to around US$4,191/oz.

International Data

In Europe, preliminary estimate to June's **consumer confidence** showed a 1.3pt increase to –17.7. At that level, the index remains well below the pre-Middle East war readings of around –12.5 recorded at the start of the year. Taken together, the Q2 readings averaged -19.1, the weakest result since Q4 2022, the peak of the previous energy price shock following Russia's invasion of Ukraine.

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