26 June 2026

MORNING REPORT

Today's economic developments and market movements.

Key themes

Following a pick-up in the number of ships leaving the Persian Gulf via the Strait of Hormuz in recent days, a ship was attacked in the strait, halting the evacuation plan.

It remains unclear whether the attack was a deliberate action by Iran, but its authorities reiterated that ships will not be protected by "safe passage guarantees" if they do not follow its rules, demonstrating its complete control over what happens in the strait.

Investor anxiety about tech stock valuations was the main source of market volatility. In the US, major mega-cap stocks sold off notably as investors looked to diversify and rotate into other sectors.

Oil prices rose once news of the incident in the Strait of Hormuz emerged, breaking the downward trend. The August WTI and Brent contracts gained about 2.0%.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	64.8	-0.3%
AUD/USD	0.6908	0.1%
AUD/JPY	111.76	0.2%
AUD/GBP	0.5236	0.0%
AUD/NZD	1.2237	0.2%
AUD/EUR	0.6076	0.0%
AUD/CNH	4.6975	0.0%
AUD/SGD	0.8957	0.0%
AUD/HKD	5.4159	0.1%
AUD/CAD	0.9808	-0.1%
EUR/USD	1.1370	0.1%
USD/JPY	161.79	0.0%
USD Index	101.45	-0.2%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	4.36	0.00
90 day BBSY	4.52	-0.01
180 day BBSY	4.86	0.00
1 year swap	4.51	-0.01
2 year swap	4.42	-0.01
3 year swap	4.36	0.00
4 year swap	4.34	-0.01
5 year swap	4.36	-0.01
6 year swap	4.41	0.00
7 year swap	4.46	0.00
8 year swap	4.51	0.00
9 year swap	4.56	0.00
10 year swap	4.61	0.01

Equities	Close	Change
S&P/ASX 200	8,749	-0.7%
S&P 500	7,357	0.0%
Japan Nikkei	72,366	4.6%
Hang Seng	23,077	-1.4%
Euro Stoxx 50	6,268	0.9%
UK FTSE100	10,530	0.7%
VIX Index	18.89	1.4%

Government Bond Yields	Close	Change
Australia		
3 year bond	4.37	-0.04
10 year bond	4.73	-0.03
United States		
3-month T Bill	3.68	-0.02
2 year bond	4.12	-0.02
10 year bond	4.39	0.00
Other (10 year yields)		
Germany	2.86	-0.01
Japan	2.63	-0.04
UK	4.70	0.01

Commodities	Current	Change
CRB Index	356.05	1.7%
Gold	4026.73	0.7%
Copper	13270	1.4%
Oil (WTI futures)	71.92	2.2%
Coal (coking)	243.25	0.1%
Coal (thermal)	128.50	-0.4%
Iron Ore	97.20	-0.9%
ACCU	36.13	-4.3%

Sydney Futures Exchange	Current	Change
10 yr bond	4.77	0.00
3 yr bond	4.36	0.01
3 mth bill rate	4.54	0.00
SPI 200	8,755	0.1%

Data as at 7:40am 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

Following a pick-up in the number of ships leaving the Persian Gulf via the Strait of Hormuz in recent days, the official evacuation plan, coordinated by the IMO, the UN's shipping regulator, was halted after a ship was attacked in the strait. While it remains unclear whether this was a deliberate action by Iran, the incident is likely to severely impact confidence that ships can transit safely through the strait. Indeed, a number of vessels turned around after the incident. Iran used the opportunity to reiterate that ships will not be protected by "safe passage guarantees" if they do not follow its rules.

Iran wants to impose a charge for crossing the strait and, while President Trump rejected the idea as unacceptable for the US, the latest events once again demonstrate that, ultimately, Iran has full control over what happens in the strait.

- Investor anxiety about tech stock valuations was the main source of market volatility. In the US, major mega-cap stocks sold off notably, with the Magnificent Seven falling 2.5%. Semiconductor stocks, which had fallen by about 8% earlier this week, recovered almost half of that loss. However, investors looked to diversify and rotate into other sectors, with industrials and healthcare making notable gains, leaving the S&P 500 unchanged on the day.
- Equities in other major markets mostly gained. Japan's Nikkei 225 stood out, rising 4.6% following PM Takaichi's announcement of long-term plans over the next fourteen years to boost economic growth through a combination of public and private investment. In Europe, equities also traded in the green, with the Euro Stoxx 50 rising almost 1.0% and the FTSE 100 gaining 0.7%. In contrast, domestic ASX 200 equities declined 0.7%.
- US Treasuries traded higher, despite better-than-expected US consumer spending and income data. Gains were concentrated at the front end of the curve, where yields rose by 2bp. European Gilts and Bunds followed similar patterns.
- Aussie yields followed global trends and traded higher. The 10Y eased by 3bp, while gains at the front end were a touch larger. There was little impact from significant Australian economic data releases – labour market data were broadly as expected, while the household spending indicator surprised to the upside.
- In FX markets, after a six-day streak of gains, the DXY posted a 0.2% loss. The EUR and GBP were a touch stronger, gaining 0.1% and 0.2%, respectively. The yen was unchanged at 161.79, while the AUD appreciated 0.1%, trading at 0.6908.
- Initially, oil prices extended the downward trend seen in recent days, but that move was quickly reversed once news of the incident in the Strait of Hormuz emerged. The August WTI contract gained 2.2% to reach $71.9, while the equivalent Brent future was up a similar amount to reach $74.8. Gold and copper rose after significant losses over the previous couple of days. Iron ore was down again, at $97.2, its lowest level since late February.

Today's key data and events

Time	Event	Exp	Prev
9:30	JP Tokyo Jun	1.6%	1.4%
-	CN Current Account Balance Q1 Final	-	US$184.1b
0:00	US Uni. Of Michigan Sentiment Jun Final	50pts	48.9pts

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

US personal income surprised to the upside in May, gaining 0.7%mth after being unchanged in April. Growth in the compensation category, which reflects labour income, was more modest at 0.4%mth, consistent with the average since the beginning of the year. Stronger income growth supported spending, as growth in the personal spending indicator also accelerated to 0.7%mth. Admittedly, much of the gain was the result of inflation, with real spending up 0.3%mth. Despite a flat result in April, it still left the real April-May growth in comparison to Q1 at 0.4%, an acceleration from 0.1% pace at the start of the year. PCE inflation was a touch softer than expected in May at 0.4%mth, though core inflation was in line at 0.3%.

US GDP estimates remain volatile, with Q1 growth revised up from 1.6%qtr to 2.1%qtr annualised in the third release. This is despite a material downward revision to household consumption growth to 0.5%qtr annualised, which was offset by a large downward revision to the import estimate. The data highlighted the narrow base of US activity growth and the pressure households are currently under.

US durable goods orders reversed half of April's 8.5%mth gain in May, declining 4.5%mth. Core orders rose 1.6%mth in the month, and despite the 0.7% decline in April, it implied a more than 3% growth in the Q2 so far. Investment remains concentrated in technology, particularly AI infrastructure.

Local Data

The May Labour Force Survey (LFS) was in line with our forecasts, with a bounce-back in employment (+40.3k) and a tick-down in the unemployment rate from 4.5% to 4.4% (see here).

The number of job vacancies fell by 7.1k (–2.1%) between February and May. Much of the decline was concentrated in public sector vacancies which fell –7.9%, with a shallower –1.4% drop in private sector vacancies (see here).

Household spending rose 1.3%mth in May, fully unwinding April's –1.1%mth fall, with annual growth strengthening to 5.5%yr (see here).

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