



29 June 2026

# MORNING REPORT

Today's economic developments and market movements.

## Key themes

Market sentiment deteriorated on Friday as renewed technology-sector concerns weighed on risk appetite. Elsewhere, the US-Iran conflict re-escalated over the weekend, with both sides conducting further strikes and accusing each other of violating the ceasefire.

Equities weakened on technology concerns, with sharp losses across Asian markets led by Korea's KOSPI, while the ASX 200 bucked the trend to post a modest gain.

US Treasury yields moved lower following May's softer-than-expected PCE inflation result.

The USD weakened modestly, although the AUD underperformed both against the greenback and most other major currencies.

Oil prices fell sharply on Friday as traffic through the Strait remained largely unaffected by the initial strike on a cargo ship, although today's open should provide a clearer read on market sentiment. Gold gained on the back of the softer PCE inflation print.

## Data snapshot

FX Last 24 hrs	Current	Change
TWI	64.8	0.0%
AUD/USD	0.6891	-0.2%
AUD/JPY	111.45	-0.2%
AUD/GBP	0.5218	-0.3%
AUD/NZD	1.2200	-0.1%
AUD/EUR	0.6048	-0.5%
AUD/CNH	4.6856	-0.3%
AUD/SGD	0.8916	-0.4%
AUD/HKD	5.4036	0.1%
AUD/CAD	0.9780	-0.2%
EUR/USD	1.1393	0.1%
USD/JPY	161.74	0.0%
USD Index	101.36	-0.1%

Equities	Close	Change
S&P/ASX 200	8,764	0.2%
S&P 500	7,354	0.0%
Japan Nikkei	69,361	-4.2%
Hang Seng	22,672	-1.8%
Euro Stoxx 50	6,222	-0.7%
UK FTSE100	10,508	-0.2%
VIX Index	18.41	-2.5%

Commodities	Current	Change
CRB Index	352.23	-1.1%
Gold	4088.74	1.5%
Copper	13358	0.7%
Oil (WTI futures)	69.23	-3.7%
Coal (coking)	243.25	0.0%
Coal (thermal)	126.00	-1.9%
Iron Ore	99.25	1.3%
ACCU	36.13	-4.3%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	4.36	0.00
90 day BBSY	4.51	-0.01
180 day BBSY	4.86	0.01
1 year swap	4.50	-0.01
2 year swap	4.42	0.00
3 year swap	4.37	0.01
4 year swap	4.36	0.02
5 year swap	4.38	0.02
6 year swap	4.43	0.02
7 year swap	4.48	0.02
8 year swap	4.53	0.02
9 year swap	4.58	0.02
10 year swap	4.63	0.02

Government Bond Yields	Close	Change
<b>Australia</b>		
3 year bond	4.36	-0.01
10 year bond	4.72	-0.01
<b>United States</b>		
3-month T Bill	3.66	-0.02
2 year bond	4.09	-0.03
10 year bond	4.37	-0.02

Other (10 year yields)		
Germany	2.85	-0.01
Japan	2.62	-0.01
UK	4.73	0.03

Sydney Futures Exchange	Current	Change
10 yr bond	4.77	0.02
3 yr bond	4.36	0.02
3 mth bill rate	4.51	-0.03
SPI 200	8,774	0.2%

Data as at 7:00am 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

Market sentiment deteriorated further on Friday as renewed concerns around the technology sector weighed on risk appetite. The sell-off was again led by Korea's KOSPI, with trading halted as rumours of an OpenAI IPO delay and Apple product price hikes linked to memory chip and storage shortages added to concerns.

Elsewhere, the US-Iran conflict returned to focus over the weekend, with both sides striking military infrastructure and further straining the ceasefire currently in place. The latest escalation followed Iran's attack on a ship transiting the Strait of Hormuz late last week, prompting a US response the following day. The US launched further strikes after Tehran attacked another vessel on Saturday. President Trump suggested the US may be forced to "militarily complete the job", while both sides have accused the other of violating the ceasefire. Ships continue to transit the Strait in limited numbers.

- Equities weakened as technology concerns once again dominated sentiment. The S&P 500 was flat on Friday, while the Dow Jones slipped -0.1% and the NASDAQ fell a sharper -0.2%. European equities also moved lower, with the Euro Stoxx 50 declining -0.7% and the FTSE 100 down -0.2%.
- Asian equities saw a sharp sell-off, led by Korea's AI-exposed KOSPI, which declined -5.8%. The Nikkei 225 also came under pressure, falling -4.2%, while the Hang Seng declined -1.8%. Locally, the ASX 200 bucked the regional trend, gaining 0.2% with support from mining and utilities stocks.
- US treasuries were supported by May's softer-than-expected PCE inflation result, with the 2-year yield declining 3bps and the 10-year yield down 2bps. Despite the softer inflation print, futures markets continue to fully price an additional Fed hike this year, with December now seen as the most likely timing.
- Australian government bond yields saw little movement on Friday, with both the 3-year and 10-year yields down 1bp. Swap markets remain reluctant to price a further RBA rate hike this year.
- FX markets saw further USD weakness on Friday, with the DXY slipping -0.1%. The AUD underperformed, falling -0.2% against the greenback to 0.6891. Other majors fared better, with the euro (+0.1%) and sterling (+0.1%) posting modest gains, while the yen was unchanged. The AUD also underperformed against most major crosses.
- Despite the attack on a cargo ship off the coast of Oman late last week prompting some shipowners to reassess transits through the Strait, traffic through the chokepoint remained

## Today's key data and events

Time	Event	Exp	Prev
18:00	EZ M3 Money Supply May	2.7%	2.7%
18:30	GB Net Mortgage Lending May	£4.2b	£4.4b
19:00	EZ Economic Confidence Jun	94.3pts	93.5pts
19:00	EZ Consumer Confidence Jun Final	-	-17.7pts
0:30	US Dallas Fed Manufacturing Activity Jun 1pts		0.4pts

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.

largely unaffected by Friday. Brent fell -4.3% to US\$72.0/bbl, while WTI declined -3.7% to US\$69.2/bbl. Today's market open will provide the first indication of how markets are responding to the latest escalation in the region.

- Gold managed to recover some ground following the softer US PCE inflation print, rising 1.5% on the day. Base metals also advanced, with copper up 0.7% and aluminium gaining 0.5%, while iron ore rose 0.5%.

## International Data

**US wholesale inventories** grew in line with expectations in May, up 0.3% after a 0.7% increase in April.

**US University of Michigan consumer sentiment** was revised up at the margin in the final estimate for June. However, at 49.5, the headline index remains near record lows. Stronger expectations for the economy triggered the upward revision, with views on current conditions a touch weaker than in the preliminary release. 12-month median inflation expectations were unchanged at 4.6%, while the 5+ year view was a touch softer at 3.3%.

## Local Data

On Friday, **Westpac-Now** pointed to Australian GDP growth of 0.2%qtr in Q2 2026, although it continued to assign around a one-in-four chance of a contraction in the quarter (see [here](#)).



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