



9 July 2026

MORNING REPORT

Today's economic developments and market movements.

Key themes

Following yesterday's strikes, President Trump stated he believed the ceasefire with Iran was "over" and expressed doubts over striking a deal. Just as we go to press, US Central Command has confirmed that US forces will be conducting a second round of strikes against Iran.

These developments dented market sentiment, though President Trump's comments that this escalation would prove short-lived and that he would not stop negotiations from continuing seemed to buffer what could have been more significant price action.

Brent crude oil finished 7.0% higher on the day at US\$79/bbl, with renewed concerns over the risk of a prolonged conflict seeing stocks sell-off and bond yields rise.

The RBNZ raised its OCR by 25bps to 2.50% yesterday. Fed minutes emphasised that participants felt a high degree of uncertainty over the outlook and wanted to consider a broad range of information over the coming months.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	65.1	-0.2%
AUD/USD	0.6928	0.0%
AUD/JPY	112.63	0.3%
AUD/GBP	0.5173	-0.2%
AUD/NZD	1.2153	-0.4%
AUD/EUR	0.6065	0.0%
AUD/CNH	4.7151	0.1%
AUD/SGD	0.8963	0.1%
AUD/HKD	5.4309	0.0%
AUD/CAD	0.9817	-0.2%
EUR/USD	1.1421	0.0%
USD/JPY	162.57	0.3%
USD Index	101.04	0.0%

Equities	Close	Change
S&P/ASX 200	8,785	-0.2%
S&P 500	7,483	-0.3%
Japan Nikkei	66,819	-2.1%
Hang Seng	24,199	3.0%
Euro Stoxx 50	6,205	-1.8%
UK FTSE100	10,489	-1.7%
VIX Index	16.9	4.8%

Commodities	Current	Change
CRB Index	367.01	1.1%
Gold	4077.43	-0.7%
Copper	13166	-1.5%
Oil (WTI futures)	73.52	4.4%
Coal (coking)	238.33	-0.3%
Coal (thermal)	130.85	2.3%
Iron Ore	99.30	1.2%
ACCU	36.13	-4.3%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	4.36	0.00
90 day BBSY	4.52	0.01
180 day BBSY	4.81	0.01
1 year swap	4.56	0.05
2 year swap	4.50	0.06
3 year swap	4.47	0.05
4 year swap	4.48	0.08
5 year swap	4.51	0.08
6 year swap	4.55	0.07
7 year swap	4.61	0.07
8 year swap	4.67	0.07
9 year swap	4.72	0.07
10 year swap	4.77	0.06

Government Bond Yields	Close	Change
Australia		
3 year bond	4.46	0.05
10 year bond	4.88	0.06
United States		
3-month T Bill	3.72	0.02
2 year bond	4.22	0.03
10 year bond	4.58	0.03
Other (10 year yields)		
Germany	3.09	0.10
Japan	2.87	0.01
UK	4.97	0.13

Sydney Futures Exchange	Current	Change
10 yr bond	4.96	0.04
3 yr bond	4.50	0.05
3 mth bill rate	4.50	0.00
SPI 200	8,706	-0.6%

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.



Ryan Wells
Economist, Westpac Group
P: +61 401 423 628
E: ryan.wells@westpac.com.au

Financial Markets

Market sentiment was hit as tensions re-escalated between the US and Iran. Yesterday, the US struck around 80 Iranian military targets in response to Iran's attacks on commercial ships transiting the Strait of Hormuz. Overnight, President Trump stated he believed the ceasefire with Iran was "over" and expressed doubts over striking a deal with Iran, raising concerns that the latest flare-up could lead back into a sustained conflict. A renewed blockade of Iran was also threatened, with a view to increase domestic pressure on Iran and restrict its ability to sell into global markets. However, President Trump also felt that this escalation would prove short-lived and he would not stop negotiations from continuing. Just as we go to press, US Central Command has confirmed that US forces will be conducting a second round of strikes against Iran "to further degrade their ability to threaten the freedom of navigation in the Strait of Hormuz."

- US share markets were largely in the red as risk sentiment was dented by the re-escalation in US-Iran tensions. While this saw the S&P 500 (-0.3%) and Dow Jones (-1.1%) edge lower, a partial rebound from yesterday's sell-off in chipmakers saw the NASDAQ lift a touch (+0.2%). Much larger declines were observed in the Euro Stoxx 50 (-1.8%) and London's FTSE 100 (-1.7%), both wiping out much of July's gains to date.
- Asian stocks also sold-off notably, particularly in Tokyo (-2.1%) and Shanghai (-0.8%). While tech stocks rallied in Hong Kong (+3.0%), the KOSPI fell another -5.3% to be down more than 20% from its peak. The ASX 200 edged another -0.2% lower, with futures markets pointing to yet another weak open this morning.
- Treasuries continued to sell-off as markets start to reprice the risk of further rate hikes given upside inflation risks following the re-escalation in the Middle East. The 2Y and 10Y each rose 3bps to 4.22% and 4.58% respectively. Markets continue to inch forward the expected timing for the next rate hike, with October fully priced in and a 30% chance of a move in July.
- Yields rose materially across Europe and the UK, with the 10Y Bund and Gilt up 10bps and 13bps to 3.09% and 4.97% respectively, both back into the top half of the conflict-era range. It was a similar story for local bonds, with ACGB yields jumping 5bps at the 3Y and 10bps at the 10Y to 4.46% and 4.88% in local trading, with yields continuing to rise in futures trading overnight.
- The USD traded in a fairly tight range given the developments overnight, with the DXY initially rallying following President Trump's expressing doubts over a deal with Iran, before retracing and finishing the session flat at

Today's key data and events

Time	Event	Exp	Prev
8:30	NZ Manufacturing PMI Jun	-	49.9pts
11:30	CN PPI Jun	4.1%	3.9%
11:30	CN CPI Jun	1.1%	1.2%
22:30	US Initial Jobless Claims 4/07/2026	220k	215k

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.

around the 101 mark. Moves were varied across the main currencies, with the Japanese Yen continuing to slide, while the Sterling found a solid bid throughout the session.

- The Aussie dollar also went on a round trip, finishing broadly flat at the USD0.6930 mark. The Kiwi dollar rallied after the RBNZ delivered a not-fully-assured 25bp rate hike at its July meeting and signalled that there would likely be more to come later this year, though the Kiwi largely remains within recent ranges.
- Crude oil continued to trade materially higher following the developments overnight, with Brent oil breaking through US\$80/bbl intraday before settling slightly lower. On the close, Brent and WTI have risen 4.4% and 7.0% to US\$79.35/bbl and US\$73.52/bbl respectively, the highest since mid-June though still well below the range traded throughout much of the 'live' conflict.
- Metals fell under more selling pressure, with LME copper dropping -1.5% to US\$13,166/mt amid the hit to risk sentiment, prices now probing the lower end of the conflict-era range. Gold fell -0.7% to around US\$4,077/oz against the backdrop of concerns over the inflation outlook and the repricing toward Fed rate hikes.

International Data

The **Fed's minutes** meanwhile invited some curiosity with the inclusion of "a few saw case for raising rates in the June meeting", though the overall tone was that participants felt a high degree of uncertainty over the outlook and wanted to consider a broad range of incoming information over the coming months. Remaining on hold and removing previous forward guidance which favoured additional easing from the statement were consensus opinions. On the balance of risks, the discussion amongst members points to the majority believing price risks had risen and labour market uncertainties receded at the time of the meeting. However, since then, energy prices have fallen materially and nonfarm payrolls growth has moderated again. Growth in consumer demand is also materially below trend, limiting the ability of firms to pass through cost increases.

Local Data

The **RBNZ** decided to raise the OCR by 25bps from 2.25% to 2.50% at its July meeting, with a key concern being that financial conditions would have eased further had the OCR been left unchanged (see [here](#)).



Corporate Directory

Westpac Economics / Australia

Sydney

Level 19, 275 Kent Street
Sydney NSW 2000
Australia

E: economics@westpac.com.au

Luci Ellis

Chief Economist Westpac Group
E: luci.ellis@westpac.com.au

Matthew Hassan

Head of Australian Macro-Forecasting
E: mhassan@westpac.com.au

Elliot Clarke

Head of International Economics
E: eclarke@westpac.com.au

Sian Fenner

Head of Business and Industry Economics
E: sian.fenner@westpac.com.au

Justin Smirk

Senior Economist
E: jsmirk@westpac.com.au

Pat Bustamante

Senior Economist
E: pat.bustamante@westpac.com.au

Mantas Vanagas

Senior Economist
E: mantas.vanagas@westpac.com.au

Ryan Wells

Economist
E: ryan.wells@westpac.com.au

Illiana Jain

Economist
E: illiana.jain@westpac.com.au

Neha Sharma

Economist
E: neha.sharma1@westpac.com.au

Luka Belobrajdic

Economist
E: luka.belobrajdic@westpac.com.au

Westpac Economics / New Zealand

Auckland

Takutai on the Square
Level 8, 16 Takutai Square
Auckland, New Zealand

E: economics@westpac.co.nz

Kelly Eckhold

Chief Economist NZ
E: kelly.eckhold@westpac.co.nz

Michael Gordon

Senior Economist
E: michael.gordon@westpac.co.nz

Darren Gibbs

Senior Economist
E: darren.gibbs@westpac.co.nz

Satish Ranchhod

Senior Economist
E: satish.ranchhod@westpac.co.nz

Paul Clark

Industry Economist
E: paul.clarke@westpac.co.nz

Westpac Economics / Fiji

Suva

1 Thomson Street
Suva, Fiji

Shamal Chand

Senior Economist
E: shamal.chand@westpac.com.au



westpaciq.com.au

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