13 July 2026

MORNING REPORT

Today's economic developments and market movements.

Key themes

Markets faded geopolitical developments at the end of last week, viewing renewed hostilities as restrained and stopping short of pricing in any 're-escalation' premium. Oil prices and bond yields fell, stock markets rose.

Over the weekend, Iran and the US traded threats and the US commenced a third wave of strikes on military targets along Iran's coastline to further reduce Iran's capacity to threaten ships in the Strait of Hormuz. Just as we go to press, the US announced it is commencing yet another wave of strikes against Iran.

Outside of geopolitics, markets will have plenty to digest this upcoming week, including a raft of earnings announcements, FOMC Chair Warsh's testimonies before the House and Senate, and US CPI and PPI data.

In other news late last week, Japan's Finance Minister called on pension funds, including the GPIF, to repatriate funds to invest in domestic assets, sparking a rally in JGBs and the Yen.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	65.1	0.0%
AUD/USD	0.6947	0.2%
AUD/JPY	112.35	-0.2%
AUD/GBP	0.5188	0.3%
AUD/NZD	1.2059	0.0%
AUD/EUR	0.6091	0.3%
AUD/CNH	4.7109	0.0%
AUD/SGD	0.8978	0.1%
AUD/HKD	5.4460	0.2%
AUD/CAD	0.9840	0.0%
EUR/USD	1.1406	-0.1%
USD/JPY	161.73	-0.4%
USD Index	100.95	0.0%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	4.36	0.00
90 day BBSY	4.51	-0.01
180 day BBSY	4.79	-0.01
1 year swap	4.51	0.00
2 year swap	4.45	-0.04
3 year swap	4.41	-0.04
4 year swap	4.42	-0.01
5 year swap	4.45	-0.01
6 year swap	4.50	-0.01
7 year swap	4.55	-0.01
8 year swap	4.61	-0.01
9 year swap	4.66	-0.01
10 year swap	4.71	-0.02

Equities	Close	Change
S&P/ASX 200	8,806	0.5%
S&P 500	7,575	0.4%
Japan Nikkei	68,558	1.2%
Hang Seng	24,175	0.6%
Euro Stoxx 50	6,270	-0.2%
UK FTSE100	10,497	0.2%
VIX Index	15.03	-5.1%

Government Bond Yields	Close	Change
Australia		
3 year bond	4.42	-0.04
10 year bond	4.84	-0.04
United States		
3-month T Bill	3.69	0.01
2 year bond	4.21	0.03
10 year bond	4.56	0.01
Other (10 year yields)		
Germany	3.07	-0.02
Japan	2.74	-0.13
UK	4.87	-0.03

Commodities	Current	Change
CRB Index	366.16	-0.6%
Gold	4119.93	-0.1%
Copper	13484	0.0%
Oil (WTI futures)	71.41	-0.9%
Coal (coking)	237.00	-0.2%
Coal (thermal)	129.20	-2.2%
Iron Ore	99.15	0.6%
ACCU	36.13	-4.3%

Sydney Futures Exchange	Current	Change
10 yr bond	4.89	0.02
3 yr bond	4.44	0.02
3 mth bill rate	4.47	0.00
SPI 200	8,814	0.5%

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

Markets largely faded recent geopolitical developments at the end of last week – oil markets instead viewing the renewed hostilities as restrained and measured, stopping short of repricing any 're-escalation' premium. Stock markets broadly rose, bond yields edged lower across most jurisdictions while the USD and oil prices moved sideways.

Over the weekend however, Iran and the US traded threats and the US commenced a third wave of strikes on military targets along Iran's coastline to further reduce Iran's capacity to threaten ships in the Strait of Hormuz. This action followed another attack on a transiting ship. Iran has announced the Strait is closed until further notice, though negotiations are reportedly continuing and the passage along the Omani coast is available, albeit with the risk of being targeted. Previously, in these circumstances, ships have continued to transit without their responders on. Whether this is again the case will take several days to assess.

As we go to press, the US announced that it is commencing yet another wave of strikes against Iran.

Coming up this week, markets will have plenty to digest outside of geopolitics. Markets will be closely watching FOMC Chair Warsh's testimonies before the House and Senate. A raft of earnings announcements are also due. The Bank of Canada will also be convening this week, though markets are priced for a near-unanimous hold. Data-wise, US CPI and PPI will likely be the main events, alongside Q2 GDP data out of China.

- Share markets broadly finished last week on a positive note. The US rounded out the week with modest gains across the S&P 500 (+0.4%), Dow Jone (+0.3%) and the NASDAQ (+0.3%). The Euro Stoxx 50 (–0.2%) was weighed down by German stocks, while London's FTSE 100 (+0.2%) managed to eke out a small gain in an otherwise negative week.
- Asian shocks broadly rose, the Nikkei up 1.2%, the Hang Seng up 0.6% after a much more solid innings through last week, the KOSPI up 2.5% but only partially retracing some of the week's losses, while the CSI 300 bucked the wider trend with a –2.0% decline. The ASX 200 rose 0.5%, led by gains in miners.
- Treasury yields edged slightly higher at the end of last week, the 2Y up 3bps to 4.21% and the 10Y up just 1bp to 4.56%. The move comes against the backdrop of renewed hostilities in the Middle East driving stronger market conviction over the case for Fed rate hikes later this year, seen to begin as early as October.
- The 10Y JGB yield fell by an outsized 13bps to 2.74%, as traders reacted to the Finance Minister calling on pension funds, including the GPIF, to repatriate funds to invest in domestic assets, including JGBs. Other jurisdictions meanwhile saw a fall in bond yields too, including the 10Y Bund (down 2bps to 3.07%) and 10Y Gilt (down 3bps to 4.87%).
- ACGB yields also edged lower during local trading, both the 3Y and 10Y down 4bps to 4.42% and 4.84% respectively, with futures trading overnight on Friday only partly unwinding some of that move.
- The USD traded a wider range but ultimately shook off geopolitical developments and finished flat, the DXY probing as low as 100.6 intraday before return back to just under the 101 level. The Yen was a standout – strengthening 0.4% against the greenback in response to the Finance Minister's announcement regarding pension fund domestic investment.
- Moves elsewhere across the basket were modest and offsetting – the Euro and Loonie a touch weaker, while the Sterling was steady. The Aussie dollar finished the week a bit firmer, grabbing a hold around the USD0.6950 mark, up 0.2% against the greenback on the day. Early trading this morning is yet to signal a reaction to news flow over the weekend – risk currencies are barely lower at the margin.
- Crude oil prices settled lower on Friday, with markets fading the geopolitical risk and instead taking the cue from the fact that talks were set to continue over the weekend. Brent and WTI fell –0.4% and –0.9% to US$76.01/bbl and US$71.41/bbl, slightly higher than post-MOU lows but still well below the ranges traded during previous active conflict. With strikes continuing over the weekend and into this morning, assessments over the underlying health of the ceasefire may be tested.
- Metals finished last week in mixed fashion, LME copper flat while LME aluminium fell –1.9% and LME nickel rose 0.9%. Gold edged only slightly lower, down –0.1% to around US$4,120/oz.

Today's key data and events

Time	Event	Exp	Prev
–	NZ Performance Services Index Jun	–	47.5

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.

Local Data

No major data of note on Friday, but Westpac **tweaked its RBA call**, bringing forward rate cuts into the second half of 2027. On the near-term profile, Westpac's conviction of an August rate hike has increased. Westpac still regards a follow-up in September as most likely, but our conviction about its occurrence and timing has declined (see here).

Westpac also published its **July Market Outlook**, containing our updated economic and financial forecast and our latest insights on the Australian and global economy (see here).

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