28 July 2026

MORNING REPORT

Today's economic developments and market movements.

Key themes

Risk sentiment improved after President Trump said there was a "good chance" of a deal with Iran as the fragile ceasefire in the Middle East continued overnight. The price of Brent crude fell almost 9% to around US$88/bbl, the biggest one-day drop since mid-April.

This saw riskier assets rally, with equities outside of tech across the US and Europe generally higher. The tech sell-off continued overnight, with the Nasdaq continuing to underperform.

Bond markets rallied on the back of lower oil prices, with yields down across the US and Europe. In the US, 10-year yields have fallen around 5bps over the past two sessions. Markets continue to price in around a 38% chance of a hike when the Fed meets later this week.

The US dollar was broadly unchanged, while the Aussie was higher against the greenback and a number of crosses.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	65.6	0.3%
AUD/USD	0.6990	0.2%
AUD/JPY	114.45	0.1%
AUD/GBP	0.5259	0.4%
AUD/NZD	1.2106	0.3%
AUD/EUR	0.6147	0.1%
AUD/CNH	4.7289	0.0%
AUD/SGD	0.9025	0.1%
AUD/HKD	5.4823	0.1%
AUD/CAD	0.9872	0.7%
EUR/USD	1.1373	0.0%
USD/JPY	163.72	0.0%
USD Index	101.50	0.0%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	4.40	0.00
90 day BBSY	4.59	0.00
180 day BBSY	4.93	0.00
1 year swap	4.67	-0.01
2 year swap	4.66	-0.02
3 year swap	4.63	-0.03
4 year swap	4.63	-0.03
5 year swap	4.66	-0.03
6 year swap	4.70	-0.03
7 year swap	4.74	-0.03
8 year swap	4.79	-0.02
9 year swap	4.84	-0.02
10 year swap	4.88	-0.02

Equities	Close	Change
S&P/ASX 200	8,894	1.4%
S&P 500	7,413	0.0%
Japan Nikkei	64,931	0.5%
Hang Seng	25,207	1.0%
Euro Stoxx 50	6,282	0.0%
UK FTSE100	10,782	0.4%
VIX Index	18.67	0.5%

Government Bond Yields	Close	Change
Australia		
3 year bond	4.62	-0.10
10 year bond	5.00	-0.09
United States		
3-month T Bill	3.80	-0.01
2 year bond	4.32	-0.01
10 year bond	4.65	-0.03
Other (10 year yields)		
Germany	3.13	-0.04
Japan	2.79	-0.03
UK	5.00	-0.04

Commodities	Current	Change
CRB Index	383.49	-3.1%
Gold	4076.68	0.6%
Copper	13732	0.6%
Oil (WTI futures)	82.61	-7.5%
Coal (coking)	222.83	0.8%
Coal (thermal)	134.50	-2.4%
Iron Ore	97.95	-0.3%
ACCU	36.13	-4.3%

Sydney Futures Exchange	Current	Change
10 yr bond	5.05	0.02
3 yr bond	4.65	0.03
3 mth bill rate	4.47	0.00
SPI 200	8,821	-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

- Risk sentiment improved after President Trump said there was a “good chance” of a deal with Iran as the fragile ceasefire in the Middle East continued overnight. Reports from the region also suggested Iranian and Omani officials were working to restart shipping through the Strait of Hormuz. Easing concerns about supply disruptions saw oil prices tumble, with Brent crude falling almost 9% to around US$88/bbl, the biggest one-day drop since mid-April.
- US equity markets were mixed. The S&P 500 finished broadly unchanged, while the Dow Jones Industrial Average increased 0.5% on the day. The tech-related sell-off continued, with chipmakers falling for a third consecutive session, which saw the Nasdaq continue to underperform, falling 0.2%. Volatility edged slightly higher, with the VIX Index rising 0.5% to 18.67.
- European equities were also mixed, with the Euro Stoxx 50 little changed, the German DAX up almost 1.1% on the back of stronger-than-expected economic data, and the FTSE 100 up 0.4%. In Asia, markets strengthened, with the Nikkei rising 0.5% and the Hang Seng gaining 1.0%. Locally, the S&P/ASX 200 rose 1.4% to 8,894. However, SPI futures were down 0.2%, pointing to a softer open for the Australian market.
- Bond markets rallied as the sharp fall in oil prices eased inflation concerns and, therefore, the need for further tightening in the months ahead. In the US, the 2-year Treasury yield fell 1bp to 4.32%, while the 10-year Treasury yield declined 3bps to 4.65%. Traders are now pricing in roughly a 38% chance of a rate hike at this week's Federal Reserve meeting, up from just 13% a week ago. European bond yields also moved lower, with German 10-year Bund yields falling 4bps to 3.13% and UK 10-year gilt yields declining 4bps to 5.00%. Japanese 10-year government bond yields fell 3bps to 2.79%.
- Australian bond yields moved lower across the curve. The 3-year government bond yield fell 10bps to 4.62%, while the 10-year yield declined 9bps to 5.0%. In futures markets, however, yields rose modestly, with the 3-year and 10-year futures yields up 3bps and 2bps to 4.65% and 5.05%, respectively. OIS pricing suggests a terminal cash rate of around 4.60% this year, with the market pricing in one more hike by December this year.
- In foreign exchange markets, the US dollar index was broadly unchanged at 101.50. The Australian dollar strengthened, rising 0.2% against the US dollar to US$0.6990. The Aussie also gained against most major currencies, including the Canadian dollar (+0.7%), pound sterling (+0.4%), New Zealand dollar (+0.3%), euro (+0.1%), Japanese yen (+0.1%),

Today's key data and events

Time	Event	Exp	Prev
22:30	US Wholesale Inventories Jun Prel.	0.5%	0.1%
23:00	US FHFA House Prices May	0.1%	-0.1%
23:00	US S&P/CS Home Price Index May	0.0%	0.0%
0:00	US Richmond Fed Manufacturing Jul	6pts	4pts
0:00	US Consumer Confidence Jul	92pts	91.2pts

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.

Singapore dollar (+0.1%), and Hong Kong dollar (+0.1%). The trade-weighted index rose 0.3% to 65.6.

- Commodity markets were generally weaker. The CRB commodity index fell 3.1%, reflecting broad-based declines across energy and carbon markets. WTI crude oil dropped 7.5% to US$82.61/bbl as concerns over Middle East supply disruptions eased. Iron ore slipped 0.3% to US$97.95/t, while thermal coal fell 2.4%. Carbon prices were also weaker, with ACCUs down 4.3%. Offsetting some of the weakness, coking coal rose 0.8%, copper gained 0.6%, and gold added 0.6%.

International Data

After large swings over the prior two months, **US durable goods** orders rose only 0.3%mth in June, falling short of expectations for a 1.8%mth gain. Excluding transportation – a category that typically drives much of the volatility – the underlying picture was firmer, with orders up 0.6%mth. Core orders – capital goods excluding defence and aircraft – were stronger still, rising 0.9%mth, led by categories linked to the AI investment boom.

The **Dallas Fed Manufacturing Activity** Survey of Texas business executives reported an improvement in business conditions this month. The headline index edged up from zero to 1.3pts, its highest level in eighteen months. Production and new orders made notable gains, while input cost inflation remained elevated, albeit slightly lower than in the prior month.

Chinese industrial profits maintained a strong pace in June, with year-to-date growth at 18.7% – little changed from the prior two months and well above the near-zero growth recorded in 2025. However, the data continued to highlight large divergences across sectors. Manufacturing profits rose 20.1%yr YTD, but consumer-driven sectors – including car, furniture and apparel manufacturers – saw profitability contract rapidly.

The **German Ifo Business Climate Survey** suggested that business sentiment in the euro area's largest economy continues to recover gradually. The headline index rose by almost 1pt this month to 86.6 – around 2pts above its April trough, but still about 2pts below its February level, before the Middle East war broke out.

Local Data

There was no top tier data released yesterday.

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