

Weekly economic report

30 June 2025

Financial markets charts

The week that was

- The ceasefire between Iran and Israel boosted sentiment in financial markets last week. Equity markets rose strongly, with the US S&P500 gaining 3.4% and reaching a record high level. Australia's ASX200 underperformed, gaining only 0.1%.
- The de-escalation of tensions in the Middle East saw oil prices fall by 12% last week, returning to their levels before the conflict began.
- US 10-year bond yields fell 10bps and 2-year yields declined 16bps as investors began to expect the US Federal Reserve (Fed) to cut rates sooner and by more. This was in response to some Fed policymakers signalling a willingness to cut rates as early as July. President Trump's comments that he could announce the next Fed Chair soon also fuelled speculation that the person appointed would deliver more rate cuts.
- The improved risk sentiment and lower bond yields saw the US depreciate against a broad range of currencies, including the Australian dollar. The US dollar is at its lowest level since early 2022 (on a trade-weighted basis).
- European equities rose by 1.3%, buoyed by a strong rise in Germany's equity market (+2.9%), which continues to outperform in 2025 (up 21%). Germany announced a faster-than-expected ramp up in defence spending, which will significantly boost Germany's economic growth. It will also significantly increase the government's debt, which saw German 10-year bond yields rise 8bps last week.
- In Australia, monthly inflation in May indicated that inflationary pressures are easing faster than expected. This increased expectations amongst investors and economists that the Reserve Bank of Australia (RBA) will cut rates again in July. Australian 10-year bond yields ended the week 5bps lower.

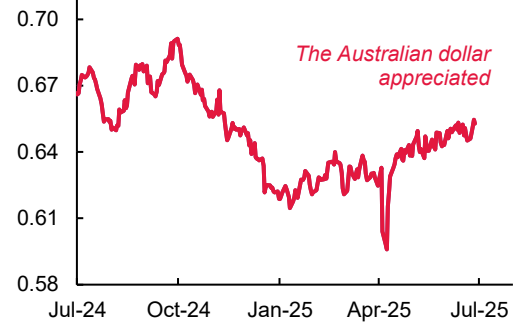
Economic calendar

Monday 30/06	CH: PMIs, Jun
Tuesday 01/07	US: ISM Manufacturing, Jun; JOLTS job openings, May EC: CPI, Jun (preliminary)
Wednesday 02/07	AU: Retail sales, May; Building approvals, May
Thursday 03/07	US: Non-farm payrolls, Jun; ISM Services, Jun
Friday 04/07	US: Independence Day holiday

The week ahead

- The key data offshore will be US non-farm payrolls and European inflation.
- Locally, retail sales and building approvals data for May will be released.

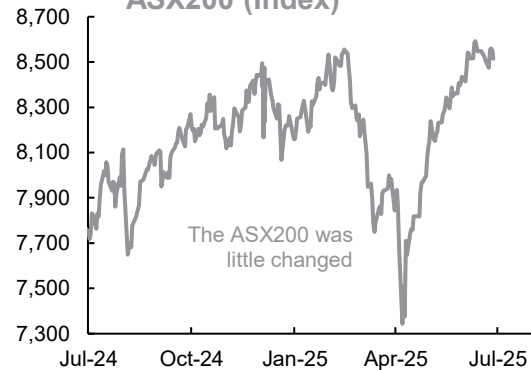
AUD/USD



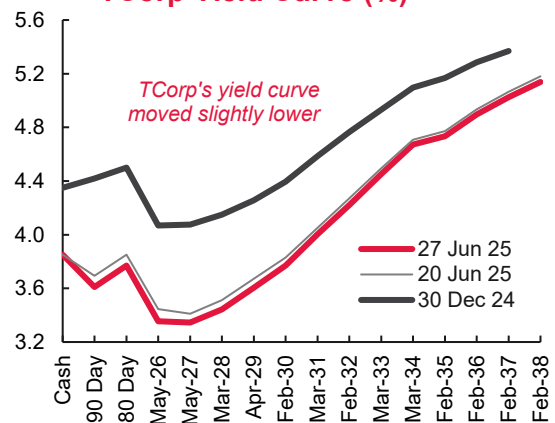
10-year Australian Yield (%)



ASX200 (Index)



TCorp Yield Curve (%)



Financial markets data: Week ending 27 June 2025

INTEREST RATES	CLOSE (%)	1 WEEK (BPS)		YTD (BPS)	
RBA Cash Rate	3.85	0	—	-50	▼
90-day BBSW	3.61	-8	▼	-81	▼
3-year Australian Bond Yield	3.24	-8	▼	-58	▼
10-year Australian Bond Yield	4.13	-5	▼	-23	▼
20-year Australian Bond Yield	4.71	-7	▼	-11	▼
10-year Australian Break-Even Inflation	2.07	2	▲	-27	▼
10-year Australian Real Yield	2.06	-7	▼	3	▲
Fed Funds Rate (lower bound)	4.25	0	—	0	—
2-year US Treasury Yield	3.75	-16	▼	-49	▼
10-year US Treasury Yield	4.28	-10	▼	-29	▼
30-year US Treasury Yield	4.84	-5	▼	5	▲
10-year German Bund Yield	2.59	8	▲	23	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 20 May 2026	3.36	-9	▼	-65	▼
3.00% 20 May 2027	3.35	-7	▼	-65	▼
3.00% 20 March 2028	3.44	-7	▼	-62	▼
3.00% 20 April 2029	3.61	-7	▼	-57	▼
3.00% 20 February 2030	3.77	-6	▼	-54	▼
2.00% 20 March 2031	4.00	-5	▼	-49	▼
1.50% 20 February 2032	4.22	-5	▼	-45	▼
2.00% 8 March 2033	4.45	-4	▼	-38	▼
1.75% 20 March 2034	4.67	-4	▼	-33	▼
4.75% 20 February 2035	4.73	-4	▼	-33	▼
4.25% 20 February 2036	4.90	-4	▼	-29	▼
4.75% 20 February 2037	5.03	-4	▼	-25	▼
5.25% 24 February 2038	5.14	-4	▼	--	--
2.75% 20 November 2025 CIB	0.97	-8	▼	-235	▼
2.50% 20 November 2035 CIB	2.60	-5	▼	-13	▼
10-year NSW TCorp Bond Yield	4.78	-4	▼	-27	▼
10-year TCV (Victoria) Spread	0.03	-2	▼	-4	▼
10-year QTC (Queensland) Spread	0.06	-2	▼	4	▲
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	8,514	0.1%	▲	4.4%	▲
S&P500 (US)	6,173	3.4%	▲	5.0%	▲
FTSE 100 (UK)	8,799	0.3%	▲	7.7%	▲
DJ Stoxx600 (Europe)	544	1.3%	▲	7.1%	▲
Nikkei 225 (Japan)	40,151	4.6%	▲	0.6%	▲
Shanghai Composite (China)	3,424	1.9%	▲	2.2%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.653	1.2%	▲	5.5%	▲
EUR/USD	1.172	1.7%	▲	13.2%	▲
USD/JPY	144.65	-1.0%	▼	-8.0%	▼
GBP/USD	1.37	2.0%	▲	9.6%	▲
US\$ Index	97.40	-1.3%	▼	-10.2%	▼
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	67.77	-12.0%	▼	-9.2%	▼
Iron Ore (US\$/t)	94.55	-0.2%	▼	-8.7%	▼
Coking Coal (US\$/t)	113.02	5.0%	▲	-19.0%	▼
Gold (US\$/oz)	3,274.33	-2.8%	▼	24.8%	▲

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