

Weekly economic report

7 July 2025

Financial markets charts

The week that was

- Markets began the second half of 2025 with a 'risk-on' tone with most equity markets, bond yields and commodity prices moving higher.
- The US S&P500 led the gains, rising by 1.7% as Congress passed a large fiscal stimulus bill. A strong employment report also confirmed the resilience of the US labour market in the face of trade policy uncertainty.
- Chinese share prices rose by 1.4% while the Australian equity market increased by 1%. Stock markets in Europe and Japan did drop, as their firms continue to face the threat of higher US tariffs.
- US 2-year bond yields jumped by 13bps last week as investors decided the strong jobs data removed the prospect that the US central bank would cut rates soon. This flowed through to other bond markets with Australian 10-year yields rising 6bps and German 10-year yields up 2bps.
- In Australia, there was a rare bit of good news coming from the consumer with the Household Spending Indicator rising by 0.9% in May. This was driven by a strong rise in clothing spending and follows 3 weaker outcomes in recent months.

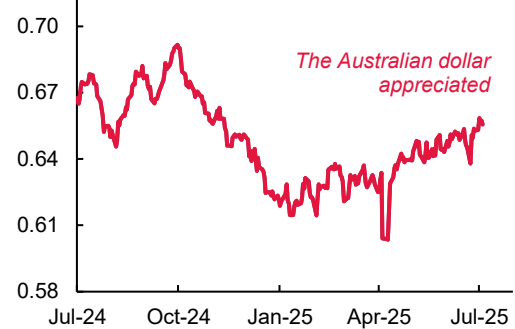
Economic calendar

Monday 7/07	AU: Job advertisements, Jun
Tuesday 08/07	AU: RBA cash rate decision AU: NAB business survey, Jun
Wednesday 09/07	NZ: RBNZ policy decision US: FOMC meeting minutes
Thursday 10/07	US: Jobless claims
Friday 11/07	EU: German inflation, Jun

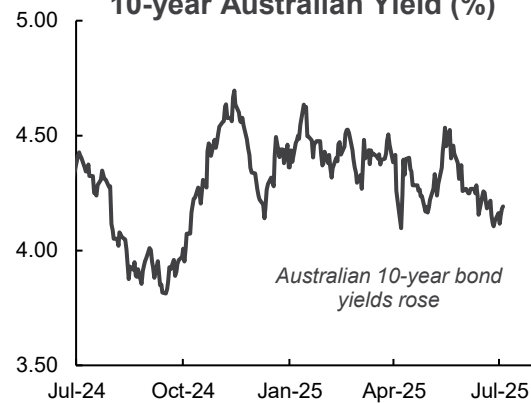
The week ahead

- The main local focus will be on the Reserve Bank of Australia's (RBA) July policy meeting. Markets are confident that the RBA will cut rates by 25bps. Just as important will be the comments from the RBA Governor, Michelle Bullock after the meeting. In particular, investors will focus on if she is open to cutting interest rates again in August (as investors expect) or whether she indicates that the Board are comfortable with how the economy is performing and sees less urgency to push rates lower.
- Globally, there are only second-tier economic indicators released this week. The Reserve Bank of New Zealand will also hold a policy meeting this week but unlike their Australian counterpart, investors do not expect the RBNZ to cut rates this month. The other focus for investors will be announcements from the US President on the fate of tariff increases which were deferred until 9 July.

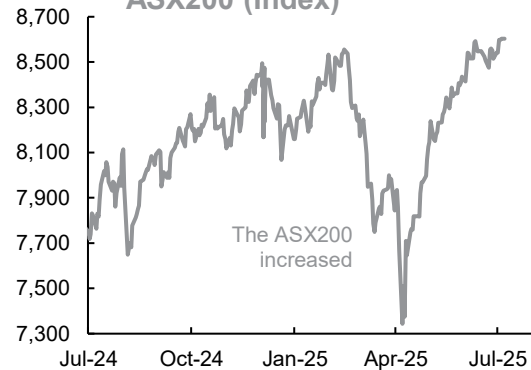
AUD/USD



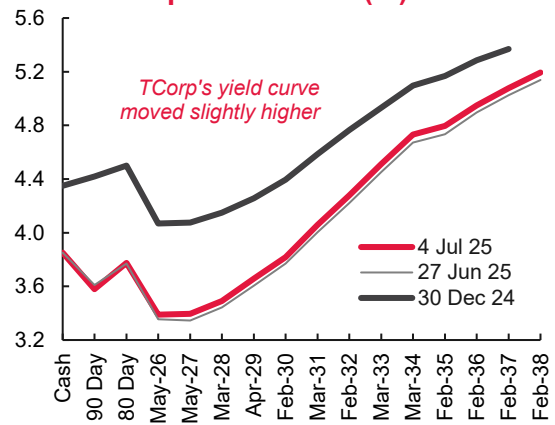
10-year Australian Yield (%)



ASX200 (Index)



TCorp Yield Curve (%)



Financial markets data: Week ending 4 July 2025

INTEREST RATES	CLOSE (%)	1 WEEK (BPS)		YTD (BPS)	
RBA Cash Rate	3.85	0	—	-50	▼
90-day BBSW	3.58	-3	▼	-84	▼
3-year Australian Bond Yield	3.33	9	▲	-49	▼
10-year Australian Bond Yield	4.19	6	▲	-17	▼
20-year Australian Bond Yield	4.75	4	▲	-7	▼
10-year Australian Break-Even Inflation	2.12	6	▲	-21	▼
10-year Australian Real Yield	2.07	1	▲	4	▲
Fed Funds Rate (lower bound)	4.25	0	—	0	—
2-year US Treasury Yield	3.88	13	▲	-36	▼
10-year US Treasury Yield	4.35	7	▲	-22	▼
30-year US Treasury Yield	4.86	3	▲	8	▲
10-year German Bund Yield	2.61	2	▲	24	▲
NSW TCorp Bonds	Close (%)	1 Week (bps)		YTD (bps)	
4.00% 20 May 2026	3.39	3	▲	-62	▼
3.00% 20 May 2027	3.40	5	▲	-60	▼
3.00% 20 March 2028	3.49	5	▲	-58	▼
3.00% 20 April 2029	3.66	5	▲	-51	▼
3.00% 20 February 2030	3.82	5	▲	-49	▼
2.00% 20 March 2031	4.06	5	▲	-44	▼
1.50% 20 February 2032	4.28	6	▲	-39	▼
2.00% 8 March 2033	4.51	6	▲	-32	▼
1.75% 20 March 2034	4.73	6	▲	-27	▼
4.75% 20 February 2035	4.80	6	▲	-27	▼
4.25% 20 February 2036	4.95	5	▲	-24	▼
4.75% 20 February 2037	5.08	5	▲	-20	▼
5.25% 24 February 2038	5.19	6	▲	--	--
2.75% 20 November 2025 CIB	1.01	4	▲	-231	▼
2.50% 20 November 2035 CIB	2.59	-2	▼	-14	▼
10-year NSW TCorp Bond Yield	4.84	6	▲	-21	▼
10-year TCV (Victoria) Spread	0.04	1	▲	-4	▼
10-year QTC (Queensland) Spread	0.08	2	▲	6	▲
Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	8,603	1.0%	▲	5.4%	▲
S&P500 (US)	6,279	1.7%	▲	6.8%	▲
FTSE 100 (UK)	8,823	0.3%	▲	8.0%	▲
DJ Stoxx600 (Europe)	541	-0.5%	▼	6.6%	▲
Nikkei 225 (Japan)	39,811	-0.8%	▼	-0.2%	▼
Shanghai Composite (China)	3,472	1.4%	▲	3.6%	▲
Currencies	Close	1 Week		YTD	
AUD/USD	0.656	0.4%	▲	5.5%	▲
EUR/USD	1.178	0.5%	▲	13.1%	▲
USD/JPY	144.47	-0.1%	▼	-7.9%	▼
GBP/USD	1.37	-0.5%	▼	8.8%	▲
US\$ Index	97.18	-0.2%	▼	-10.4%	▼
Commodities	Close	1 Week		YTD	
Brent Oil (US\$/bbl)	68.30	0.8%	▲	-8.5%	▼
Iron Ore (US\$/t)	95.89	1.4%	▲	-7.5%	▼
Coking Coal (US\$/t)	117.37	3.9%	▲	-15.8%	▼
Gold (US\$/oz)	3,337.15	1.9%	▲	27.2%	▲

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