Weekly economic report

6 July 2026

The week that was

- Economic data released last week suggested that the harmful effects of the Iran War may be dissipating, which boosted equity markets and resulted in higher bond yields.
- In the US, the ISM manufacturing index suggested that activity remained firm but pointed to easing price pressures. Central banks have been wary that the surge in petrol prices over the first half of 2026 might boost inflation expectations. This is one of the justifications that the Reserve Bank of Australia used to explain its decision to raise interest rates 3 times this year.
- If the sharp fall in oil prices that has occurred since Iran and the US agreed to a ceasefire persists then that risk will also recede. Consistent with that belief, market pricing for further RBA rate hikes has now fallen below 50%.
- European stocks performed strongly last week, rising 2.7%. US stocks gained 1.8% while Australia's ASX200 rose 0.9%.
- US 10-year bond yields rose 11bps last week and that dragged up Australian 10-year bond yields which increased by 8bps.

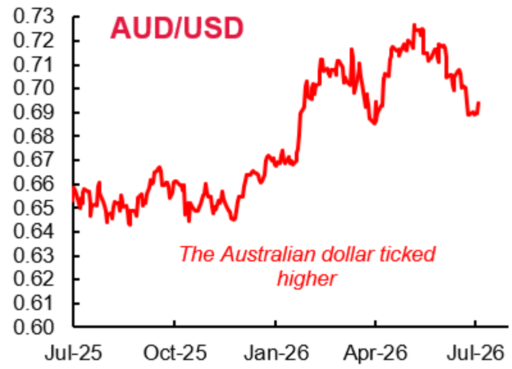
Economic calendar

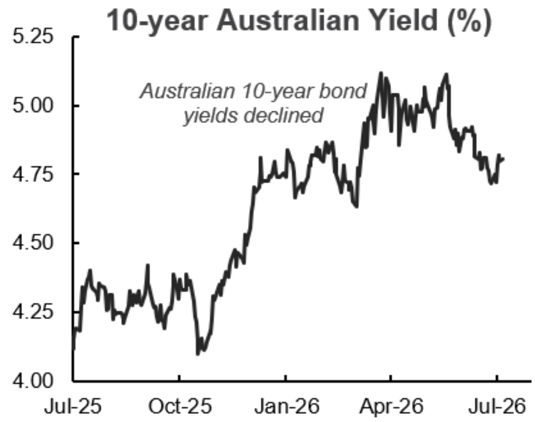
Monday 06/07	AU: Job advertisements, Jun US: ISM services index, Jun
Tuesday 07/07	US: Trade balance, May
Wednesday 08/07	NZ: RBNZ policy meeting AU: RBA's Hunter speaks
Thursday 09/07	CH: Inflation, Jun US: Existing home sales, Jun
Friday 10/07	JP: Producer prices, Jun

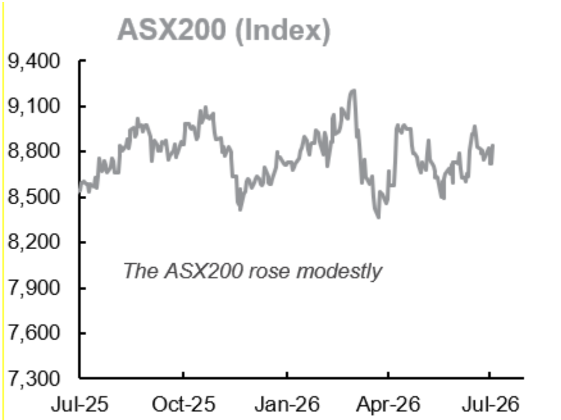
The week ahead

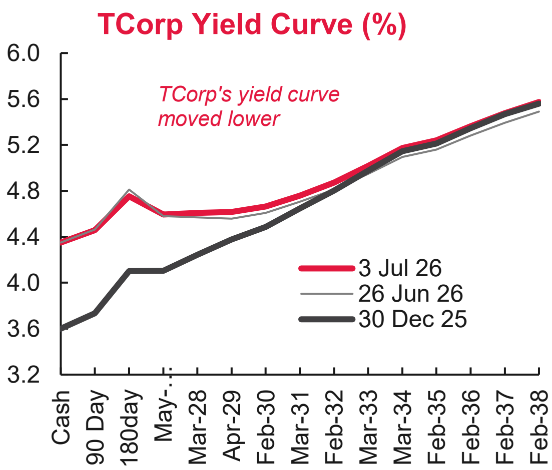
- Central banks will be the main feature of the week ahead. The Reserve Bank of New Zealand is likely to raise interest rates this week, while the Reserve Bank of Australia's chief economist has a scheduled speech at the Australian Conference of Economists.
- While investors believe that the risk of further RBA rate hikes has receded, the RBA is likely to continue to warn that it remains uncomfortable with the level of inflation and that further tightening may be necessary.
- Central bank officials will also be speaking in the US, while the minutes of recent policy meetings in the US and Europe will be released.

Financial markets charts









Financial markets data: Week ending 3 July 2026

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	4.35	0	–	75	▲
90-day BBSW	4.46	-1	▼	72	▲
3-year Australian Bond Yield	4.41	5	▲	27	▲
10-year Australian Bond Yield	4.80	8	▲	6	▲
20-year Australian Bond Yield	5.27	10	▲	9	▲
10-year Australian Break-Even Inflation	2.33	5	▲	2	▲
10-year Australian Real Yield	2.47	3	▲	4	▲
Fed Funds Rate (lower bound)	3.50	0	–	0	–
2-year US Treasury Yield	4.14	4	▲	66	▲
10-year US Treasury Yield	4.48	11	▲	32	▲
30-year US Treasury Yield	4.99	12	▲	14	▲
10-year German Bund Yield	2.94	8	▲	8	▲
NSW TCorp Bonds					
3.00% 20 May 2027	4.59	1	▲	49	▲
3.00% 20 March 2028	4.61	4	▲	36	▲
3.00% 20 April 2029	4.62	6	▲	23	▲
3.00% 20 February 2030	4.67	6	▲	18	▲
2.00% 20 March 2031	4.76	5	▲	11	▲
1.50% 20 February 2032	4.88	7	▲	8	▲
2.5% 22 November 2032	4.97	6	▲	7	▲
2.00% 8 March 2033	5.02	7	▲	5	▲
1.75% 20 March 2034	5.18	8	▲	4	▲
5.25% 17 October 2034	5.20	8	▲	--	--
4.75% 20 February 2035	5.25	9	▲	4	▲
4.75% 20 September 2035	5.33	9	▲	6	▲
4.25% 20 February 2036	5.37	8	▲	3	▲
4.75% 20 February 2037	5.48	9	▲	2	▲
3.50% 20 November 2037	5.57	9	▲	3	▲
5.25% 24 February 2038	5.58	9	▲	2	▲
5.25% 22 February 2039	5.68	9	▲	3	▲
2.50% 20 November 2035 CIB	2.90	2	▲	-20	▼
10-year NSW TCorp Bond Yield	5.38	8	▲	9	▲
10-year TCV (Victoria) Spread	0.05	0	▼	-2	▼
10-year QTC (Queensland) Spread	0.02	0	▼	-4	▼

Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	8,844	0.9%	▲	1.5%	▲
S&P500 (US)	7,483	1.8%	▲	9.3%	▲
FTSE 100 (UK)	10,679	1.6%	▲	7.5%	▲
DJ Stoxx600 (Europe)	653	2.7%	▲	10.2%	▲
Nikkei 225 (Japan)	69,744	0.6%	▲	38.5%	▲
Shanghai Composite (China)	4,044	0.4%	▲	1.9%	▲

Currencies	Close	1 Week		YTD	
AUD/USD	0.694	0.6%	▲	3.9%	▲
EUR/USD	1.144	0.4%	▲	-2.6%	▼
USD/JPY	161.46	-0.2%	▼	3.1%	▲
GBP/USD	1.33	1.1%	▲	-0.7%	▼
US$ Index	100.87	-0.5%	▼	2.6%	▲

Commodities	Close	1 Week		YTD	
Brent Oil (US$/bbl)	71.66	-0.5%	▼	17.8%	▲
Iron Ore (US$/t)	98.80	-1.5%	▼	-7.8%	▼
Coking Coal (US$/t)	174.25	-1.2%	▼	16.4%	▲
Gold (US$/oz)	4,190.08	2.5%	▲	-3.0%	▼

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