

Interest Rates			FX			Commodities		
<b>Australia</b>		<b>Δ bp</b>	AUD/USD	0.6935	-0.3%	WTI Crude Oil	72.20	\$3.35
90-day Bill	4.47	1	AUD/JPY	112.54	-0.2%	Brent Crude Oil	75.93	\$3.63
3-year Bond	4.45	7	AUD/EUR	0.6077	0.0%	Mogas95*	92.99	-\$1.44
10-year Bond	4.88	9	AUD/GBP	0.5193	0.0%	CRB Index	363.09	0.78
			AUD/NZD	1.2196	0.0%	Gold	4118.93	-\$41.08
			AUD/CNY	4.7123	-0.3%	Silver	60.14	-\$1.81
<b>US</b>			EUR/USD	1.1411	-0.3%	Iron Ore (61% Fe)**	98.05	-\$0.65
2-year	4.18	6	USD/JPY	162.28	0.1%	Iron Ore (26-27 Average)	97.93	-\$0.17
10-year	4.55	8	USD/CNY	6.7958	0.0%	Copper	13365.50	-\$38.00
			RBA Policy			Equities		
<b>Other 10-year</b>			O/N Cash Rate Target	4.35		ASX200	8697	-113
Japan	2.87	3	Interbank O/N Cash Rate	4.35		Dow Jones	52925	-131
Germany	2.99	4	Probability of a 25bps Hike in Aug	18.6%		S&P500	7504	-34
UK	4.85	5	RBA Bond Holdings (30 Jun)	A\$229.9b		Stoxx600	646	-4
						CSI300	4792	-50

\*Mogas95 is the Singapore benchmark petrol price closely linked to Australian domestic fuel prices.

\*\*Iron ore is the second SGX futures contract.

US stocks retreated, while oil prices bounced and government bond yields surged, as tensions in the Middle East re-escalated overnight.

In addition, concerns over sustainability of the artificial intelligence boom have re-emerged, resulting in considerable declines in information technology stocks. The S&P 500 lost 0.5% last night, while the tech-heavy Nasdaq fell by 1.2%.

According to the British military, three tankers attempting to cross the Strait of Hormuz near Oman were hit last night, with Iran suspected to be responsible for the attack.

In response, the US military carried out new strikes against Iran, with explosions reported on Qeshm Island and in the southern city of Bandar Abbas, both home to major Iranian oil processing facilities, as well as in a city of Sirik, which hosts coastal defence and communications infrastructure.

The escalation in the Middle East came at a time when the traffic in the Strait of Hormuz started to pick up again, with nearly 30 commercial vessels crossing the Strait yesterday, according to Bloomberg data. Talks between the US and Iran are currently on hold due to the burial of former Iranian Supreme Leader Ali Khamenei.

Oil prices picked up by around 5%, to be the highest since mid-June, but still quite close to pre-war levels. Despite the increase, Brent futures are still well below US\$80 a barrel.

The rise in oil prices revived concerns over inflation and monetary policy tightening, pushing government bond yields higher across the major advanced economies. US 2-year yields are quite close to their highs from mid-June, as expectations of a fed funds rate hike have been brought forward to October. The rise in fed funds rate hike expectations helped the US dollar higher, while gold price fell.

The deterioration in global market sentiment dragged the Australian dollar slightly lower overnight. The AUD depreciated against the stronger greenback and Japanese yen, but is little changed versus the euro and British pound.

Commonwealth bond yields rose more than their US equivalents, with RBA monetary policy tightening expectations intensifying a little. However, a 25bps hike remains only 50% priced in for 2026 and rate cuts are still marginally priced in for late 2027.

The ASX 200 opened significantly lower this morning after closing down 0.3% yesterday, driven by strong declines in materials stocks. Materials are again leading the losses this morning, while energy stocks are seeing strong gains.

## Economic Data Review

*No market-moving data.*

## Economic Data Preview

- **AU:** Public Appearance by RBA Assistant Governor Sarah Hunter.
- **NZ:** RBNZ Decision (Official Cash Rate) – Expected 2.50%, Previous 2.25%.
- **US:** FOMC Minutes.