

The Australian dollar recorded its weakest monthly performance against the US dollar since December 2024 and was among the poorest performers within the G10 currency basket. In contrast, the US dollar was the strongest currency, followed by the British pound, Japanese yen, and euro.

The AUD trade weighted index (TWI) – which measures the currency against a basket of trading partner currencies – declined for the first time in three months, ending June at its lowest level since early April.

Heightened financial market volatility, driven by concerns that conflict in the Middle East could reignite, weighed on the Australian dollar and supported the US dollar in the first half of the month. Sentiment briefly stabilised following news of an agreement between the United States and Iran.

However, the exchange rate soon resumed its downward trend as the US dollar strengthened further. This followed the Federal Reserve's post-FOMC economic projections, which signalled that the median participant expects a US interest rate increase to be required later this year. The shift in expectations triggered a sell-off in financial markets – exacerbated by concerns of overinvestment in the artificial intelligence space – placing additional downward pressure on the AUD.

Further weakness in the Australian dollar emerged late in the month after data showing a decline in headline inflation in May reinforced expectations that the RBA is unlikely to raise interest rates further in the current cycle. As a result, the AUD/USD fell below US\$0.70.






Model Expected Value	Present Rate	Expected Value Band
0.7075	0.6919	0.6800 – 0.7350

The Australian dollar traded within a range of US\$0.6885 to US\$0.7180 on a closing basis during June, averaging US\$0.7018 over the month before ending at its low of US\$0.6885. For 2025–26, the AUD/USD averaged US\$0.6787, compared with US\$0.6479 in 2024–25.

The spread between Australian and US two-year Treasury yields narrowed further in June. Rising expectations of US interest rate increases pushed US Treasury yields higher, while easing expectations for further RBA tightening placed downward pressure on Australian Government bond yields. The Australian two-year yield started the month 52 basis points above its US counterpart, but this differential narrowed steadily to close at 25 basis points, averaging 39 basis points over the month.

The RBA Monetary Policy Board left the cash rate target unchanged at 4.35%, following increases at the previous three meetings. The Board noted signs of softer consumer spending, a cooling housing market, and a higher-than-expected unemployment rate. Nevertheless, it emphasised that inflation remains the primary near-term concern and signalled that further rate increases could be implemented if necessary. Cash rate futures now imply only a 50% probability of a further 25 basis point increase by year-end.

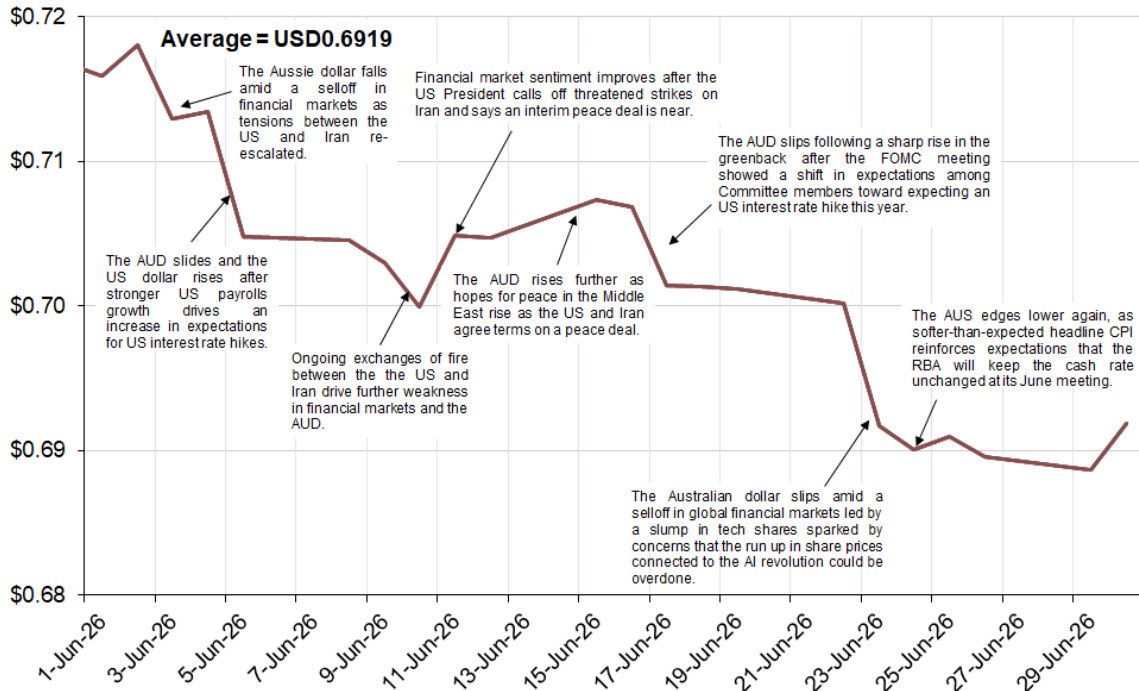
In the United States, the FOMC held the federal funds target range steady at 3.50–3.75% at its June meeting. However, the overall tone of the post-meeting statement was hawkish, with updated economic projections indicating that the median participant expects at least one additional rate increase by the end of the year. Fed funds futures are currently pricing in 37 basis points of tightening by the end of 2026, up from 14 basis points at the end of May.

	Current	Monthly High	Monthly Low	Monthly	52wk High	52wk Low
AUD/USD 	0.6919	0.7180	0.6887	-3.7%	0.7258	0.6420
AUD/EUR 	0.6056	0.6173	0.6029	-1.7%	0.6196	0.5522
AUD/GBP 	0.5225	0.5342	0.5195	-2.2%	0.5389	0.4773
AUD/JPY 	111.53	114.82	111.53	-2.5%	114.82	94.41
AUD/CNY 	4.6882	4.8600	4.6831	-3.5%	4.9311	4.5849

Commodity prices declined broadly in May, led by a fall in oil prices following an interim ceasefire agreement between the United States and Iran and the signing of a memorandum of understanding. Although the Strait of Hormuz has reopened, shipping activity remains well below pre-conflict levels, with ongoing volatility continuing to deter some shipowners. While the fragile truce has seen oil prices retreat to levels last observed prior to the outbreak of the conflict in late February, they remain above those prevailing before the US military build-up in the region. Meanwhile, softer-than-expected economic data from China weighed on sentiment, contributing to a decline in iron ore futures.

Commodity AUD	30-Jun-26	MoM (%)	YoY (%)
CRB Index	511.6	-3.3%	13.1%
RBA Commodity Price Index	104.2	-0.7%	8.0%
Brent Crude	\$105.50	-17.6%	-6.4%
Singapore Gasoil 10 ppm	\$167.63	-11.7%	28.7%
Gold	\$4,008.02	-11.7%	21.3%
Singapore Iron Ore Futures (61% Fe)	\$143.29	-2.2%	-0.1%
Nickel	\$23,563.37	-11.1%	1.8%
Copper	\$19,350.41	2.0%	28.9%
Aluminium	\$4,463.98	-12.5%	13.0%

AUD / USD June 2026



AUD / USD 2025-26



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