

The Australian dollar was one of the strongest members of the G10 currency basket in June behind only the euro and Swiss franc. The Japanese yen and US dollar were the weakest members of the G10, with the US dollar index falling to fresh three-year lows as the US dollar rounded out its worst six months since 1991.

The AUD/USD climbed over the first half of the month, largely due to weakness in the greenback, and optimism regarding US-China trade talks before falling as the conflict in the Middle East escalated with Israel's attacks on Iranian military and nuclear facilities. The AUD/USD fell to its lowest level since late May after US airstrikes on Iran's nuclear facilities raised fears that the US would be dragged into the war, before news of a US brokered ceasefire between Israel and Iran helped stabilise the Aussie dollar and drove the greenback lower.

The AUD climbed against all the major currencies over the last week of June, but its biggest increase was against the greenback as the US dollar slumped, pushing the AUD/USD to its highest levels since November 2024.

The US dollar continues to be weighed down by uncertainty over the US policy outlook, as President Trump's tariff program is yet to be fully implemented, the independence of the Federal Reserve appears under increasing threat and the President's deficit-widening budget bill comes closer to passing through Congress.

The Australian dollar trade-weighted index, which is based on a basket of currencies determined by the share of trade with Australia, climbed 0.8% over the month, although it closed the month 2.9% below its decade average.

Model Expected Value	Present Rate	Expected Value Band
0.6725	0.6581	0.6925 – 0.6525






The Australian dollar traded between US\$0.6452 and US\$0.6581 on a close-of-day basis in June and averaged US\$0.6503, before closing at its monthly high. The AUD/USD averaged US\$0.6479 in 2024-25, after averaging US\$0.6557 in 2023-24.

The spread between the Australian two-year Commonwealth bond yield and its US counterpart began the month at -61bps and widened to as far as -71bps, after better-than-expected US payrolls drove a sharp rise in US bond yields. The spread narrowed over the remainder of the month as declines in US Treasury yields exceeded the fall in Commonwealth bond yields. The spread closed June at -51bps after averaging -63bps during the month.

There was no RBA Monetary Policy Board meeting in June however, market pricing for a 25bps interest rate cut in July has climbed from cash rate futures being 67% priced for a cut at the end of May, to a cut being currently 97% priced in. The major drivers of the increase in interest rate cut expectations were the weaker-than-expected Q1 GDP report early in June and a soft monthly CPI indicator for May later in the month. The cash rate futures market is currently pricing in 80bps of cuts by the end of the year.

The US Federal Reserve monetary policy committee, the FOMC, kept interest rates unchanged as expected and median expectations among participants at the meeting remained for 50bps of cuts this year. The last fed funds rate cut was in December last year. The Fed continues to signal concern over the outlook for inflation in the wake of tariff increases and is in no hurry to cut rates.

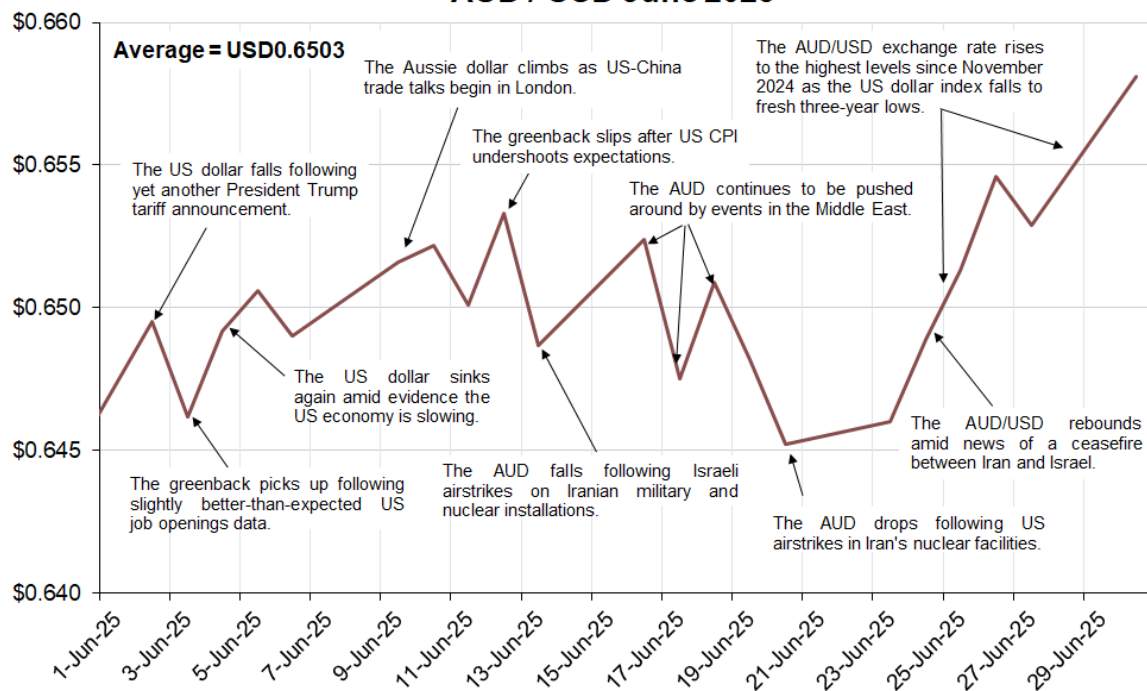
President Trump continues to voice his displeasure with the Fed's decision to keep interest rates on hold this year and has said he will appoint a successor to Fed Chair Jerome Powell as soon as September, despite Powell's term expiring in May 2026. This sets up the possibility of increased confusion over the policy outlook.

	Current	Monthly High	Monthly Low	Monthly	52wk High	52wk Low
AUD/USD 	0.6581	0.6581	0.6452	2.3%	0.6913	0.5960
AUD/EUR 	0.5583	0.5708	0.5572	-1.5%	0.6240	0.5437
AUD/GBP 	0.4792	0.4850	0.4762	0.3%	0.5272	0.4667
AUD/JPY 	94.79	94.79	92.69	2.3%	109.10	87.15
AUD/CNY 	4.7131	4.7131	4.6343	1.6%	4.9219	4.3725

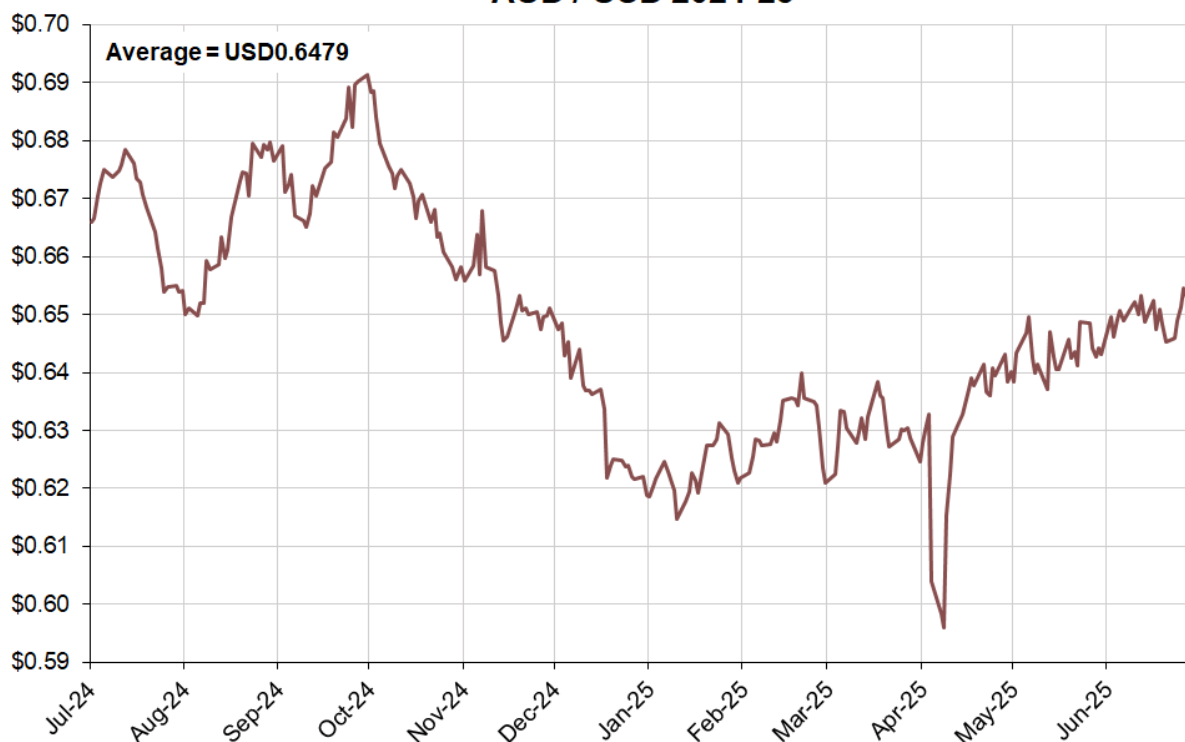
Oil prices grabbed most of the commodity headlines in June. Prices jumped to the highest levels since January as Israel-Iran tensions escalated into war, however, prices fell as fast as they'd risen amid news of a ceasefire 12 days after the shooting started. Prices face further downward pressure ahead of an expected announcement from OPEC+ of a fourth straight monthly production increase. Gold also rose sharply as the crisis in the Middle East deepened before easing again, while copper prices jumped late in the month ahead of an anticipated increase in US import tariffs.

Commodity AUD	30-Jun-25	MoM (%)	YoY (%)
CRB Index	452.3	0.1%	3.9%
RBA Commodity Price Index	90.3	-0.9%	-3.5%
Brent Crude	\$102.86	3.4%	-16.8%
Singapore Gasoil 10 ppm	\$130.28	6.4%	-16.1%
Gold	\$5,025.31	-1.8%	44.1%
Singapore Iron Ore Futures (62% Fe)	\$143.47	-4.5%	-10.3%
Nickel	\$23,147.73	-2.4%	-10.7%
Copper	\$15,014.45	1.6%	4.4%
Aluminium	\$3,951.77	3.9%	4.5%

AUD / USD June 2025



AUD / USD 2024-25



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