



13 January 2026

MORNING REPORT

Today's economic developments and market movements.

Key themes

FOMC Chair Powell revealed that the central bank was served grand jury subpoenas threatening criminal indictment from the US Justice Department. Powell stated that the action is about whether interest rate setting "will be directed by political pressure or intimidation", raising concerns over central bank independence.

The initial market response echoed a 'sell America' theme, with stocks, bonds and the dollar all trading lower before starting to reverse later on in the session, partly tied to some dissent among Republican Senators in the Banking Committee.

Crude oil prices continued to lift primarily against the backdrop of ongoing unrest in Iran and the possibility of further military and/or economic actions by the US. Meanwhile, gold has shot through record highs following the escalation of pressure on the Federal Reserve.

Data snapshot

FX Last 24 hrs	Current	Change	AUS Interest Rate Swaps	Last	Change
TWI	62.4	0.0%	30 day BBSY	3.61	0.01
AUD/USD	0.6709	0.4%	90 day BBSY	3.79	0.00
AUD/JPY	106.02	0.5%	180 day BBSY	4.15	0.01
AUD/GBP	0.4982	-0.1%	1 year swap	3.89	0.01
AUD/NZD	1.1622	-0.3%	2 year swap	3.99	0.01
AUD/EUR	0.5749	0.1%	3 year swap	4.06	0.01
AUD/CNH	4.6774	0.2%	4 year swap	4.12	0.01
AUD/SGD	0.8625	0.2%	5 year swap	4.20	0.01
AUD/HKD	5.2302	0.3%	6 year swap	4.27	0.01
AUD/CAD	0.9309	0.0%	7 year swap	4.35	0.00
EUR/USD	1.1667	0.3%	8 year swap	4.42	0.00
USD/JPY	158.03	0.2%	9 year swap	4.48	0.00
USD Index	98.86	-0.3%	10 year swap	4.74	0.00

Equities	Close	Change	Government Bond Yields	Close	Change
S&P/ASX 200	8,759	0.5%	Australia		
S&P 500	6,977	0.2%	3 year bond	4.10	0.01
Japan Nikkei	51,940	1.6%	10 year bond	4.70	0.02
Hang Seng	26,608	1.4%	United States		
Euro Stoxx 50	6,016	0.3%	3-month T Bill	3.53	0.00
UK FTSE100	10,141	0.2%	2 year bond	3.54	0.01
VIX Index	15.12	4.3%	10 year bond	4.19	0.02
Other (10 year yields)					
Commodities	Current	Change	Germany	2.84	-0.02
CRB Index	304.04	0.9%	Japan	2.10	0.00
Gold	4586.46	2.0%	UK	4.37	0.00
Copper	13210	1.6%	Sydney Futures Exchange	Current	Change
Oil (WTI futures)	59.83	0.6%	10 yr bond	4.72	-0.02
Coal (coking)	226.33	0.6%	3 yr bond	4.13	0.00
Coal (thermal)	107.40	0.3%	3 mth bill rate	3.87	0.00
Iron Ore	108.20	0.7%	SPI 200	8,782	0.6%

Data as at 7:50am AEDT. Change is from the previous trading day (excluding the SFE, which is the change during the night session). Source: Bloomberg.



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Financial Markets:

- US equities opened on a weak footing in reaction to the Justice Department's threat of criminal indictment on the Federal Reserve, raising concerns over independence. Major indices have since recovered, with the S&P 500 and Dow Jones up 0.2% and 0.3% respectively.
- Similar trends were seen in Europe and London, with the Euro Stoxx 50 (+0.3%) and FTSE 100 (+0.2%) both finishing in the green. Stocks had a much stronger showing across Asia, including in Hong Kong (+1.4%), Seoul (+0.8%) and Shanghai (+0.7%). The ASX 200 also rose 0.5%, buoyed by solid gains in consumer staples and discretionary. Futures markets are pointing to a solid open this morning.
- Reactions to the Federal Reserve probe in bond markets were more muted as treasury yields rose slightly over the day. The 2Y rose 1bp to 3.54% and the 10Y rose 2bps to 4.19%, at the upper end of recent ranges. Market pricing was little-changed, with two more FOMC rate cuts still priced in by year-end.
- ACGBs exhibited a similar move during the local session, with the 3Y up 1bp to 4.10% and the 10Y up 2bps to 4.70%. Swaps markets continue to price in at least one RBA rate hike by August.
- The USD sold-off is response to the threats to the Federal Reserve's independence, with the DXY reaching a session low just under 98.7 before partially retracing to 98.8, still –0.3% below last week's close. Selling pressure was evident across the DXY basket, including the Euro (+0.3%), Sterling (+0.4%) and Loonie (+0.3%). The Japanese Yen meanwhile continued to depreciate and at JPY158.20, it continues to trade around last years lows versus the USD.
- The Aussie dollar rose 0.4% on the day and looks to be establishing a bit of a foothold around the USD0.67 mark. Geopolitical developments, Fed independence and a US CPI will be key for the USD leg this week.
- Crude oil prices continued to lift primarily against the backdrop of ongoing unrest in Iran and the possibility of further military and/or economic actions by the US. The first generic futures contract for WTI rose 0.6% to US\$59.83/bbl.
- Gold has shot through record highs following the escalation of pressure on the Federal Reserve, up 2.0% to be just under US\$1,460 at the time of writing. Base metals were also up firmly, including copper (+1.6%) and aluminium (+1.5%), the latter at nearly a four-year high.

Today's key data and events

Time	Event	Exp	Prev
10:30	AU WBC-MI Consumer Sentiment Jan	-	94.5pts
10:50	JP Current Account Balance Nov	¥3608.7b	¥2833.5b
22:00	US NFIB Small Business Optimism Dec	-	99pts
12:30	US CPI Dec	0.3%	-
2:00	US New Home Sales Oct	-10.8%	-

Times are AEDT. All data forecasts are m/m or q/q and seasonally adjusted unless otherwise specified. Forecasts for Australian data are our forecasts and for other countries they are consensus forecasts.

International Data

In the Euro Area, the **Sentix investor confidence survey** suggested that investors started the year on a more positive note, with the sentiment index rising by 4.4pts to a six-month high of –1.8. Assessments of the current situation and expectations improved, but the former remained well below its longer-term average, particularly among individual investors, suggesting that the recovery remains subdued, with significant room for improvement over the course of this year.

Local Data

In Australia, November's **household spending indicator** surprised to the upside, the 1.0% lift reflecting a solid showing from Black Friday sales (see [here](#)).



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