27 January 2026

MORNING REPORT

Today's economic developments and market movements.

Key themes

In a sign of what is likely to come this week, there have been significant moves in recent sessions, particularly across currency and commodity markets.

The US dollar index has fallen to a four-month low, while the yen has surged almost 4% over the past two sessions amid growing speculation that US authorities may assist Japan in supporting the currency

The Australian dollar has also strengthened, rising to 0.6919: its highest level since early 2023. Markets have now priced in two full rate hikes this year, with around a 60% probability of a hike when the RBA next meets.

Gold and silver prices continue to set new record highs amid escalating geopolitical tensions.

Looking ahead, the US Fed meets this week, and domestically the Q4 inflation report represents a significant risk event, alongside ongoing geopolitical developments.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	63.7	0.5%
AUD/USD	0.6919	0.4%
AUD/JPY	106.53	-0.7%
AUD/GBP	0.5056	0.1%
AUD/NZD	1.1572	-0.2%
AUD/EUR	0.5823	-0.1%
AUD/CNH	4.8085	0.3%
AUD/SGD	0.8784	0.1%
AUD/HKD	5.3953	0.3%
AUD/CAD	0.9489	0.5%
EUR/USD	1.1883	0.5%
USD/JPY	153.96	-1.1%
USD Index	97.07	-0.5%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	3.67	0.05
90 day BBSY	3.86	0.07
180 day BBSY	4.13	0.11
1 year swap	4.03	-0.04
2 year swap	4.15	-0.04
3 year swap	4.23	-0.03
4 year swap	4.30	-0.04
5 year swap	4.36	-0.04
6 year swap	4.43	-0.04
7 year swap	4.49	-0.04
8 year swap	4.56	-0.04
9 year swap	4.61	-0.04
10 year swap	4.86	-0.02

Equities	Close	Change
S&P/ASX 200	8,860	0.1%
S&P 500	6,961	0.7%
Japan Nikkei	52,885	-1.8%
Hang Seng	26,766	0.1%
Euro Stoxx 50	5,958	0.2%
UK FTSE100	10,149	0.1%
VIX Index	15.81	-1.7%

Government Bond Yields	Close	Change
Australia		
3 year bond	4.26	0.00
10 year bond	4.82	0.00
United States		
3-month T Bill	3.58	-0.01
2 year bond	3.59	-0.01
10 year bond	4.21	-0.02
Other (10 year yields)		
Germany	2.87	-0.04
Japan	2.24	-0.02
UK	4.50	-0.02

Commodities	Current	Change
CRB Index	312.24	1.2%
Gold	5038.29	1.0%
Copper	13199	0.6%
Oil (WTI futures)	60.58	-0.8%
Coal (coking)	237.33	-0.4%
Coal (thermal)	110.00	-1.3%
Iron Ore	103.75	-1.0%
ACCU	36.13	-4.3%

Sydney Futures Exchange	Current	Change
10 yr bond	4.85	-0.03
3 yr bond	4.29	-0.03
3 mth bill rate	3.86	0.00
SPI 200	8,876	0.5%

Data as at 7:20am 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:

- Key US equity indices extended gains amid solid earnings report with energy tech company, Baker Hughes, up more than 5% on the back of strong demand for LNG. CoreWeave jumped more than 7% after Nvidia said it invested $2b in the company, while USA Rare Earth increased more than 12% after it was reported the US Government would invest in the heavy rare earths arm of the company. Overall, the S&P 500 gained 0.6%, the Dow Jones Industrial Average closed 0.7% higher, while the tech-heavy Nasdaq closed 0.6% in the green.
- European markets were slightly higher. The Euro Stoxx 50 closed 0.2% higher, Germany's DAX gained 0.1%, the FTSE 100 closed 0.1% in the green, while France's CAC was 0.2% lower. Asian markets were mixed with the Nikkei closing 1.7% lower, while the Hang Seng and the CSI 300 both closed 0.1% higher. The local market was closed yesterday for the Australia Day public holiday. Futures are pointing to a strong start to today's session.
- Yields on Treasuries ticked higher to remain within recent ranges. The 2-year US bond yield declined 1bp to 3.59%, while the 10-year US bond yield declined 3bps to 4.21%. Interest-rate futures are pricing in a total of 45bps of cuts over the year to the end of 2026, with virtually no chance of a rate cut when the US Fed meets later this week. There were also slight declines in yields across Europe.
- Local yields followed the global trend and slipped on futures, with 3 and 10-year bond yields falling 3bps to 4.29% and 4.85%, respectively. Traders are now pricing in a full rate hike by May 2026 and a total of 50bps of hikes over 2026. The odds of a rate hike when the RBA Board meets in February continues to sit around 60% - this is likely to move this week following the Q4 2025 inflation report.
- There were big moves in currencies with the US dollar index closing 0.5% lower at 97.07 amid growing speculation the US authorities may help Japan support the Yen. The US dollar has fallen to a four-month low, down almost 2% over the past three sessions. The Japanese Yen has appreciated more than 4% against the Greenback over two sessions to be at its highest level since October 2025.
- The Aussie outperformed, increasing 0.4% against the Greenback to 0.6919 – its highest level since February 2023. Last week's strong jobs report coupled with growing signs the economic recovery is gaining momentum, higher commodity prices, and a more hawkish central bank will all continue to provide the Aussie with support. The Q4 2025 inflation read later this week is likely to drive price action for the Aussie.

Today's key data and events

Time	Event	Exp	Prev
0:30	US Chicago Fed Activity Index Nov	-0.2pts	-0.2pts
0:30	US Durable Goods Orders Nov Prel.	3.8%	-2.2%
2:30	US Dallas Fed Manufacturing Activity Jan	-8.6pts	-10.9pts
11:30	AU NAB Business Conditions Dec	-	7pts
12:30	CN Industrial Profits Dec	-	-13.1%
1:00	US FHFA House Prices Nov	0.2%	0.4%
1:00	US S&P/Cs Home Price Index Nov	0.2%	0.3%
2:00	US Richmond Fed Jan	-5pts	-7pts
2:00	US Consumer Confidence Jan	90.6pts	89.1pts

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.

- Commodities were generally higher led by gold and silver. The ongoing geopolitical tensions has seen haven flows increase, boosting the price of Gold to a record high of USD5,095 an ounce. Gold has risen 12% in the past month alone and more than 83% in the past year. Silver spiked more than 14% to more than US$116 per ounce. Crude markets were lower with the West Texas Intermediate trading at around US$60bbl amid growing concerns of a supply glut and as details for trilateral meetings with the Ukraine, US and Russia firm up

International Data

US Durable goods orders rose 5.3%mth in November, the fastest pace in six months and above expectations for a 4.0%mth gain, boosted largely by volatile aircraft orders. Core capital goods orders (excl. aircraft and defence) also beat forecasts, rising 0.7%mth. This measure has posted steady gains through the second half of 2025, pointing to solid business investment momentum heading into 2026.

The **Chicago Fed national activity index** remained negative in October and November, falling from -0.24 in September to -0.42 in October before improving to -0.04 in November. The recovery was driven mainly by stronger production-related indicators.

The **Dallas Fed manufacturing index** improved to -1.2pts in January (exp: -8.5pts). While activity has now contracted for six straight months, the latest reading points to stabilising conditions and follows positive results from the New York and Philadelphia Fed surveys.

Domestic Data

There was no top tier data released.

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