



2 February 2026

# MORNING REPORT

Today's economic developments and market movements.

## Key themes

President Trump named Kevin Warsh as the next Chair of the Federal Reserve, to succeed Jerome Powell from May. While Warsh has expressed a dovish take on policy in the past year, markets broadly consider him a 'hawkish' pick compared to other front-runners.

The USD staged a solid rebound and precious metals sold-off considerably, gold posting its largest decline since the 1980s. Treasuries were firmly bid in the short-end while stocks sold-off amid mixed earnings.

Elsewhere, a pull-back in speculative trading in mainland China drove declines across base metals and the Hang Seng. Oil continues to trade with volatility as US-Iran risks remain front-of-mind.

This week, markets and economists see the an RBA rate hike as more likely than not. It will also be a busy week offshore, with the ECB and BoE due to meet, and US payrolls to be released.

## Data snapshot

FX Last 24 hrs	Current	Change	AUS Interest Rate Swaps	Last	Change
TWI	64.5	-1.1%	30 day BBSY	3.73	0.01
AUD/USD	0.6949	-1.4%	90 day BBSY	3.89	-0.01
AUD/JPY	107.56	-0.3%	180 day BBSY	4.14	0.00
AUD/GBP	0.5073	-0.6%	1 year swap	4.08	0.00
AUD/NZD	1.1553	-0.4%	2 year swap	4.17	-0.02
AUD/EUR	0.5865	-0.4%	3 year swap	4.23	-0.02
AUD/CNH	4.8363	-1.2%	4 year swap	4.30	-0.02
AUD/SGD	0.8834	-0.9%	5 year swap	4.36	-0.01
AUD/HKD	5.4310	-1.3%	6 year swap	4.43	-0.01
AUD/CAD	0.9455	-0.6%	7 year swap	4.49	-0.01
EUR/USD	1.1849	-1.0%	8 year swap	4.56	-0.01
USD/JPY	154.80	1.1%	9 year swap	4.62	-0.01
USD Index	96.99	0.7%	10 year swap	4.86	-0.02
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Equities	Close	Change	Government Bond Yields	Close	Change
S&P/ASX 200	8,869	-0.7%	<b>Australia</b>		
S&P 500	6,939	-0.4%	3 year bond	4.27	0.00
Japan Nikkei	53,323	-0.1%	10 year bond	4.81	-0.03
Hang Seng	27,387	-2.1%	<b>United States</b>		
Euro Stoxx 50	5,948	0.9%	3-month T Bill	3.57	-0.01
UK FTSE100	10,224	0.5%	2 year bond	3.52	-0.04
VIX Index	17.44	3.3%	10 year bond	4.24	0.00
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Commodities	Current	Change	<b>Other (10 year yields)</b>		
CRB Index	320.09	-1.1%	Germany	2.84	0.00
Gold	4894.23	-8.9%	Japan	2.25	-0.01
Copper	13158	-3.4%	UK	4.52	0.01
Oil (WTI futures)	65.21	-0.3%	<hr/>		
Coal (coking)	248.00	1.2%	Sydney Futures Exchange	Current	Change
Coal (thermal)	118.15	6.0%	10 yr bond	4.83	-0.01
Iron Ore	103.80	-0.9%	3 yr bond	4.26	-0.03
ACCU	36.13	-4.3%	3 mth bill rate	3.89	0.01
			SPI 200	8,767	-0.7%

Data as at 7:30am AEDT. Change is from the previous trading day (excluding the SFE, which is the change during the night session). Source: Bloomberg.



**Ryan Wells**  
 Economist, Westpac Group  
**P:** +61 401 423 628  
**E:** ryan.wells@westpac.com.au

## Financial Markets

- Stocks finished the week with a decline in the US, as investors digested mixed earnings reports, a higher producer price inflation reading and President Trump's pick for Fed Chair. The S&P 500 and Dow Jones fell -0.4% while the tech-heavy NASDAQ dropped -0.9%.
- Across the pond, the FTSE 100 (+0.5%) and Euro Stoxx 50 (+0.9%) finished the week with a gain, the latter buoyed by a firmer-than-expected showing for Q4 GDP. Stocks were mixed across Asia, with a pull-back in speculative trading driving a decline in Hong Kong (-2.1%), a broadly flat day for Tokyo (-0.1%) while the ASX 200 shed -0.7%.
- Treasuries were firmly bid in the short-end but had a round trip at the long-end, the 2Y falling 4bps to 3.52% while the 10Y held flat at 4.24%. While the short-end move reflected a recalibration to a more 'hawkish' Fed Chair pick in Kevin Warsh, market pricing brought forward the timing of rate cuts at the margin, following stronger producer inflation data.
- ACGBs were also bid during the local session, and this carried over into overnight trading in futures, where the 3Y and 10Y (futures) yields fell 3bps and 1bp respectively. Swaps markets are pricing in a circa 70% chance of a rate hike at this week's RBA decision. Guidance from the central bank following the decision will be crucial for the rest of the year's pricing.
- The USD staged a solid rebound after the announcement of President Trump's Fed Chair pick, seeing the DXY index lift 0.7% to be back around 97, although it is still well below the level that was trading before last week's sell-off. Moves across the key crosses were similar, with the Euro (-1.0%), Yen (-1.1%), Sterling (-0.9%) and Loonie (-0.9%) all down.
- The Aussie dollar also slipped against the greenback, down -1.2% on Friday to a USD0.69 handle and slipping further in early trading this morning. Further depreciation could be on the cards should the RBA go out of their way to flag a hike as a 'one-and-done' this week. Still, the USD leg will likely continue to have a large bearing over the cross this week.
- Gold prices had already been falling in the hours prior, but the Fed Chair announcement and the bounce-back in the USD saw the sell-off accelerate sharply. Gold finished the day a staggering -8.9% lower, its largest fall since the 1980s, and at just under US\$4,900/oz, prices are back around the prior week's level.
- Oil also traded with some volatility, but WTI ultimately finished the day -0.3% lower at US\$65.21/bbl, with risks around US-Iran still front-of-mind for markets. Copper and aluminium gave back all of Thursday's gain, declining -3.4% and -2.3% respectively, as the wave of speculative buying dried up and other commodities fell.

## Today's key data and events

Time	Event	Exp	Prev
11:00	AU MI Inflation Gauge Jan y/y	-	3.5%
11:30	AU ANZ-Indeed Jobs Ads Jan	-	-0.5
11:30	JP S&P Global Manufacturing PMI Jan (F)	-	51.5
12:45	CN RatingDog Manufacturing PMI Jan	50.0	50.1
18:00	UK Nationwide House Prices Jan y/y	0.7%	0.6%
20:00	EZ HCOB Manufacturing PMI Jan (F)	49.4	49.4
20:30	UK S&P Global Manufacturing PMI Jan (F)	51.6	51.6
01:45	US S&P Global Manufacturing PMI Jan (F)	52.0	51.9
02:00	ISM Manufacturing PMI Jan	48.5	47.9
04:30	Fedspeak – Bostic	-	-

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 US, President Trump named **Kevin Warsh as the next Chair of the Federal Reserve**, to succeed Jerome Powell from May. Warsh was previously a Federal Reserve Governor around the time of the GFC. While Warsh has expressed a dovish take on policy in the past year, previously he has, at times, instead focused on upside inflation risks. Importantly, like Powell, Warsh will be just one voice and voter on the FOMC; policy outcomes will be dictated by the consensus built amongst all members.

Data-wise, December's **PPI** printed well above expectations, rising 0.5% (3.0%yr) on a headline basis and 0.7% (3.3%yr) once excluding food and energy, vindicates some participants' concerns over the risk of lingering price pressures in the US economy.

In the Euro Area, the first estimate of **Q4 GDP** beat expectations, lifting 0.3% versus the consensus estimate of 0.2%, seeing the annual growth rate edge slightly lower to 1.3%yr. More colour on the expenditure detail will come with later estimates. Meanwhile, the **unemployment rate** edged slightly lower in the region, from 6.3% to 6.2% in December, back to a historic low.

## Local Data

In Australia, growth in **private credit** surprised to the upside, driven predominately by housing credit (see [here](#)). Meanwhile, our **Westpac-DataX Consumer Panel** update revealed a broad-based gain in consumer spending in Q4 (see [here](#)).



# Corporate Directory

## Westpac Economics / Australia

### **Sydney**

Level 19, 275 Kent Street  
Sydney NSW 2000  
Australia

E: economics@westpac.com.au

### **Luci Ellis**

Chief Economist Westpac Group  
E: luci.ellis@westpac.com.au

### **Matthew Hassan**

Head of Australian Macro-Forecasting  
E: mhassan@westpac.com.au

### **Elliot Clarke**

Head of International Economics  
E: eclarke@westpac.com.au

### **Sian Fenner**

Head of Business and Industry Economics  
E: sian.fenner@westpac.com.au

### **Justin Smirk**

Senior Economist  
E: jsmirk@westpac.com.au

### **Pat Bustamante**

Senior Economist  
E: pat.bustamante@westpac.com.au

### **Mantas Vanagas**

Senior Economist  
E: mantas.vanagas@westpac.com.au

### **Ryan Wells**

Economist  
E: ryan.wells@westpac.com.au

### **Illiana Jain**

Economist  
E: illiana.jain@westpac.com.au

### **Neha Sharma**

Economist  
E: neha.sharma1@westpac.com.au

### **Luka Belobrajdic**

Economist  
E: luka.belobrajdic@westpac.com.au

## Westpac Economics / New Zealand

### **Auckland**

Takutai on the Square  
Level 8, 16 Takutai Square  
Auckland, New Zealand

E: economics@westpac.co.nz

### **Kelly Eckhold**

Chief Economist NZ  
E: kelly.eckhold@westpac.co.nz

### **Michael Gordon**

Senior Economist  
E: michael.gordon@westpac.co.nz

### **Darren Gibbs**

Senior Economist  
E: darren.gibbs@westpac.co.nz

### **Satish Ranchhod**

Senior Economist  
E: satish.ranchhod@westpac.co.nz

### **Paul Clark**

Industry Economist  
E: paul.clarke@westpac.co.nz

## Westpac Economics / Fiji

### **Suva**

1 Thomson Street  
Suva, Fiji

### **Shamal Chand**

Senior Economist  
E: shamal.chand@westpac.com.au



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