



11 February 2026

MORNING REPORT

Today's economic developments and market movements.

Key themes

There was a risk off tone amid disappointing US retail trade data.

Key US equity indices ended the session mixed, with rate sensitive sectors generally higher. This saw the Dow rise, while the S&P 500 and Nasdaq declined.

Treasuries rallied, pushing yields lower across the curve. Yields were also lower across Europe.

The US dollar was virtually unchanged, while the yen outperformed, rising 1.0% against the greenback. The Australian dollar was broadly unchanged, trading at 0.7078.

Commodities were mixed, with gold and oil lower, while iron ore edged higher to trade above US\$100 a tonne.

Data snapshot

FX Last 24 hrs	Current	Change	AUS Interest Rate Swaps	Last	Change
TWI	65.2	0.5%	30 day BBSY	3.84	0.00
AUD/USD	0.7078	-0.2%	90 day BBSY	3.99	0.00
AUD/JPY	109.23	-1.2%	180 day BBSY	4.26	0.00
AUD/GBP	0.5184	0.1%	1 year swap	4.17	-0.02
AUD/NZD	1.1701	-0.1%	2 year swap	4.24	-0.03
AUD/EUR	0.5947	-0.1%	3 year swap	4.26	-0.04
AUD/CNH	4.8922	-0.3%	4 year swap	4.31	-0.04
AUD/SGD	0.8952	-0.3%	5 year swap	4.36	-0.04
AUD/HKD	5.5334	-0.2%	6 year swap	4.42	-0.05
AUD/CAD	0.9589	-0.3%	7 year swap	4.48	-0.05
EUR/USD	1.1901	-0.1%	8 year swap	4.53	-0.05
USD/JPY	154.31	-1.0%	9 year swap	4.59	-0.06
USD Index	96.82	0.0%	10 year swap	4.83	-0.07
Equities	Close	Change	Government Bond Yields	Close	Change
S&P/ASX 200	8,867	0.0%	Australia		
S&P 500	6,957	-0.1%	3 year bond	4.30	-0.03
Japan Nikkei	57,651	2.3%	10 year bond	4.83	-0.04
Hang Seng	27,183	0.6%	United States		
Euro Stoxx 50	6,047	-0.2%	3-month T Bill	3.59	0.00
UK FTSE100	10,354	-0.3%	2 year bond	3.45	-0.04
VIX Index	17.53	1.0%	10 year bond	4.14	-0.06
Commodities	Current	Change	Other (10 year yields)		
CRB Index	308.33	-0.9%	Germany	2.81	-0.03
Gold	5032.36	-0.5%	Japan	2.24	-0.05
Copper	13176	1.4%	UK	4.51	-0.02
Oil (WTI futures)	64.08	-0.4%	Sydney Futures Exchange	Current	Change
Coal (coking)	229.00	-1.9%	10 yr bond	4.80	-0.05
Coal (thermal)	116.25	-1.1%	3 yr bond	4.30	-0.02
Iron Ore	100.35	0.3%	3 mth bill rate	3.93	0.00
ACCU	36.13	-4.3%	SPI 200	8,846	0.3%

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.



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Financial Markets

- Key US equity indices were mixed as investors digested softer than expected consumer spending data ahead of the Fed's next FOMC meeting. The weaker data reinforced the case for Fed rate cuts, prompting a rally in interest rate sensitive sectors. Overall, the S&P 500 closed 0.1% lower after reaching a new record high during the session. The tech heavy Nasdaq finished 0.4% in the red, while the Dow Jones Industrial Average outperformed, rising 0.2%.
- European equity markets edged lower overnight, with the Euro Stoxx 50 down 0.2%, Germany's DAX lower by 0.1%, and the FTSE 100 closing 0.3% in the red. France's CAC 40 was an exception, ending 0.2% higher. Asian markets were generally stronger, with the Nikkei up 2.3% and the Hang Seng closing 0.6% higher. The local market finished yesterday's session unchanged, while futures point to a neutral to slightly stronger start to today's session.
- Moves in the bond market were more pronounced, with the soft retail sales data triggering a rally that saw yields fall across the curve. Both the 2 year and 10 year Treasury yields declined by 4bps and 6bps, to 3.45% and 4.14%, respectively. Interest rate futures are now pricing around 60bps of cuts through to the end of 2026, up from around 50bps last week prior to the weak retail print. The probability of a rate cut at the March FOMC meeting has risen to around 20%, up from virtually zero a few weeks ago. European yields also moved lower.
- Local bond futures moved higher, with 3 year and 10 year yields falling by 2bps and 5bps to 4.30% and 4.80%, respectively. OIS pricing now implies a further 20bp hike by May and a terminal rate this year of around 4.20%, suggesting markets remain divided on the need for two additional rate hikes in 2026.
- The US Dollar Index was little changed at 96.82 after oscillating between gains and losses during the session. The Australian dollar edged 0.2% lower against the greenback to 0.7078. Despite the decline, the Aussie has established support above the 0.70 level. In the near term, hawkish RBA messaging, solid domestic economic conditions, and elevated commodity prices should support the currency—particularly against the backdrop of softer US data, such as last night's retail sales report. The yen outperformed, rising 1.0% against the US dollar after reports that Prime Minister Sanae Takaichi plans to end the food sales tax cut after two years.
- Commodity prices were modestly softer but remain elevated overall. Gold fell 0.5% to trade around US\$5,035. Crude oil slipped 0.4%, with West Texas Intermediate trading near US\$64 per barrel as markets focused on oversupply risks, despite ongoing geopolitical tensions in the Middle East. Iron ore gained 0.2%, trading back above US\$100 per tonne.

Today's key data and events

Time	Event	Exp	Prev
0:30	US Import Price Index Dec	0.1%	-
0:30	US Employment Cost Index Q4	0.8%	0.8%
0:30	US Retail Sales Dec	0.4%	0.6%
2:00	US Business Inventories Nov	0.2%	0.3%
12:30	AU RBA's Hauser-Fireside Chat	-	-
12:30	CN PPI Jan	-1.5%	-1.9%
12:30	CN CPI Jan	0.4%	0.8%
0:30	US Non-Farm Payrolls Jan	68k	50k
0:30	US Average Hourly Earnings Jan	0.3%	0.3%
0:30	US Unemployment Rate Jan	4.4%	4.4%

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

Growth in the **US employment cost index** eased in Q4, slowing from 0.8%qtr to 0.7%qtr, the slowest rate since Q2 2021, reinforcing the view that inflationary pressures generated by the labour market are moderating.

US retail sales surprised to the downside, remaining flat in December. November had reported a 0.6%mt increase, suggesting that some typical holiday spending was brought forward. Control group sales, which feed into GDP, declined 0.1%mt, marking one of the lowest results for last year. Growth in the prior two months meant that in Q4 control group sales growth was 0.6%, representing a 1ppt slowdown from Q3 and the weakest quarter since early 2024.

The latest comments from **Fed officials** suggested that they see now immediate pressure to ease monetary policy further. "Rather than trying to fine tune the funds rate, I'd prefer to err on the side of patience as we assess the impact of recent rate reductions", said Cleveland Fed President **Beth Hammack**. Meanwhile, Dallas Fed President **Lorie Logan** suggested that the dynamic of inflation and the labour market in the coming months will inform her view if further easing could become appropriate.

Local Data

The **Westpac-Melbourne Institute Consumer Sentiment** slipped 2.6% to 90.5 in February. The response to the February rate hike was muted compared to an average monthly fall following a hike of around 3.8%. Component-wise, the February sentiment decline centred on current assessments (further information available [here](#)).

Headline **business conditions** index fell from +9 to +7 in January, paring back December gains to match its long-run average. **Business confidence** showed signs of a nascent recovery in January, growing 1pts to +3. **Capacity utilisation** eased further in January to 82.9%, a 0.6ppt decline from the peak in November 2025 (further information available [here](#)).



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