12 February 2026

MORNING REPORT

Today's economic developments and market movements.

Key themes

January's employment report surprised materially to the upside in the US, as payroll jobs growth printed more than double the consensus estimate and the unemployment rate dipped.

Treasuries bear flattened as markets pushed back FOMC rate cut expectations, with the next move now priced in by July. Although equities kicked off the overnight session with a bullish tone, momentum quickly eased.

The DXY struggled to hold onto gains, as a sustained Yen appreciation more than offset modest USD gains in the Euro and Sterling. The Aussie dollar was also an outperformer, establishing a foothold in the USD0.71 range overnight, its highest in over three years.

Crude prices rebounded after yesterday's dip despite stronger-than-expected inventories data, with new reports of the US considering seizing Iranian tankers as President Trump takes a 'harder line' in negotiations.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	65.4	0.3%
AUD/USD	0.7126	0.7%
AUD/JPY	109.09	-0.1%
AUD/GBP	0.5229	0.8%
AUD/NZD	1.1779	0.6%
AUD/EUR	0.6001	0.9%
AUD/CNH	4.9229	0.6%
AUD/SGD	0.8990	0.5%
AUD/HKD	5.5710	0.7%
AUD/CAD	0.9671	0.9%
EUR/USD	1.1875	-0.2%
USD/JPY	153.08	-0.8%
USD Index	96.87	0.1%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	3.84	0.00
90 day BBSY	4.00	0.00
180 day BBSY	4.27	0.00
1 year swap	4.19	0.02
2 year swap	4.26	0.02
3 year swap	4.30	0.04
4 year swap	4.31	0.01
5 year swap	4.36	0.01
6 year swap	4.41	0.00
7 year swap	4.47	0.00
8 year swap	4.52	0.00
9 year swap	4.58	0.00
10 year swap	4.86	0.02

Equities	Close	Change
S&P/ASX 200	9,015	1.7%
S&P 500	6,950	0.1%
Japan Nikkei	57,651	2.3%
Hang Seng	27,266	0.3%
Euro Stoxx 50	6,036	-0.2%
UK FTSE100	10,472	1.1%
VIX Index	17.43	-2.0%

Commodities	Current	Change
CRB Index	310.59	0.7%
Gold	5080.59	1.1%
Copper	13166	0.4%
Oil (WTI futures)	64.94	1.5%
Coal (coking)	222.00	-3.1%
Coal (thermal)	116.65	0.4%
Iron Ore	100.60	-0.2%
ACCU	36.13	-4.3%

Government Bond Yields	Close	Change
Australia		
3 year bond	4.27	-0.04
10 year bond	4.76	-0.07
United States		
3-month T Bill	3.61	0.01
2 year bond	3.51	0.06
10 year bond	4.17	0.03
Other (10 year yields)		
Germany	2.79	-0.02
Japan	2.24	0.00
UK	4.48	-0.03

Sydney Futures Exchange	Current	Change
10 yr bond	4.82	0.04
3 yr bond	4.33	0.05
3 mth bill rate	3.93	0.00
SPI 200	8,962	0.0%

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

- Equities were mixed in the US: strong on the opening bell following the upside surprise on payroll jobs data, before moderating but remaining positive thereafter, reflecting the delay (not removal) of rate cut expectations. The S&P 500 is up 0.1% while the NASDAQ slipped –0.2%.
- London's FTSE 100 rallied (+1.1%) while the Euro Stoxx 50 dipped (–0.2%), with weakness in Germany's DAX (–0.5%) clearly a weighing factor. Stocks continued to outperform in Tokyo (+2.3%) following Takaichi's win, while Hong Kong also holds onto momentum (+0.3%). The ASX 200 rose a solid 1.7%, while futures markets are pointing to a slightly positive open this morning.
- Treasuries bear flattened as markets pared back expectations for FOMC rate cuts near-term. The 2Y rose 6bps to 3.51% while the 10Y rose 3bps to 4.17%. The next fully priced in FOMC rate cut has been pushed back to July, from June previously, but markets still see room for two total cuts this year. Meanwhile, both Bunds and Gilts rallied at the longer-end, with their 10Y's falling 2bps and 3bps respectively.
- ACGBs also rallied in the local session, but futures yields with the broader tide overnight, the 3Y and 10Y up 4-5bps. Swaps markets are still pricing in the next RBA rate hike by August, though a firmer-than-expected result in next week's wages and inflation data could see pricing be brought forward.
- The USD struggled to hold onto gains following the bumper jobs report and push-back in rate cut expectations, with the DXY currently trading around yesterday's close at around 96.87. This is despite the Euro (–0.2%), Sterling (–0.1%) and Loonie (–0.1%) all losing some ground against the greenback, all offset by a continued rally in the Yen (+0.9%)
- The Aussie dollar was an outperformer, rallying 0.7% and establishing somewhat of a foothold in the USD0.71 range overnight, its highest in over three years. Momentum was initially buoyed by the RBA Deputy Governor's fireside chat, which ultimately reiterated the existing messaging from last week's policy decision.
- Crude prices rebounded after yesterday's dip despite stronger-than-expected inventories data, with new reports of the US considering seizing Iranian tankers as President Trump takes a 'harder line' in negotiations. The first-generic futures contract for WTI rose 1.5% to US$64.94/bbl.
- Base metals pared back some of yesterday's decline, with LME copper and aluminium up 0.4% and 0.3% respectively. Iron ore continues to trade above US$100/mt despite signs of weak demand ahead of the LNY holiday. Gold continues to track an uptrend, rising 1.1% to around US$5,080/oz.

Today's key data and events

Time	Event	Exp	Prev
9:00	AU RBA Senate Testimony	–	–
15:45	AU RBA's Hunter – Speech	–	–
18:00	UK GDP Q4	0.2%	0.1%
0:30	US Initial Jobless Claims	231k	224k
2:00	US Existing Home Sales Jan	–4.6%	5.1%

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, **nonfarm payrolls** surprised materially to the upside in January, rising 130k in the month and 113k over the past three months after accounting for revisions in November and December. This was around double the median consensus expectation. Gains continue to be driven by 'education and health care', although the first increase in 'manufacturing' jobs since 2024 was a positive sign. The household survey was also constructive, with the **unemployment rate** edging lower from 4.4% to 4.3% even with the participation rate ticking up 0.1ppt to 62.5%. Growth in **average hourly earnings** remained steady, up 0.4% in the month and 3.7% over the year.

Local Data

In Australia, **Q4 Dwelling Finance** figures surprised materially to the upside, driven by a stronger turn-out of first home buyers following the expanded deposit scheme (see here).

Westpac NZ Economies also released a preview of next week's **RBNZ meeting** (see here) and issues a change of r**ate call**, with the first OCR rise now forecast to begin in December 2026 and rise more quickly in 2027 (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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