



19 February 2026

MORNING REPORT

Today's economic developments and market movements.

Key themes

The Fed minutes from the latest FOMC suggesting lingering concerns about inflation persistence, supporting US Treasury sell-off and the DXY appreciation.

Firmer US economic data, including durable goods, industrial production, and housing starts, were consistent with more robust momentum in the largest world's economy.

Some of the worst fears about the negative AI impacts seem to have abated lifting major equity indices in the US and globally. After over a week without meaningful daily gains, the S&P 500 traded in the green, but the increase of 0.2% was modest.

Tensions between the US and Iran remained in focus for the crude markets. While reports indicated some progress during talks in Geneva, US Vice-President Vance suggesting that Iran is not yet willing to give up nuclear weapons ambitions.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	65.1	0.2%
AUD/USD	0.7038	-0.7%
AUD/JPY	108.92	0.3%
AUD/GBP	0.5214	-0.2%
AUD/NZD	1.1801	0.7%
AUD/EUR	0.5971	-0.1%
AUD/CNH	4.8497	-0.6%
AUD/SGD	0.8920	-0.3%
AUD/HKD	5.4992	-0.7%
AUD/CAD	0.9638	-0.2%
EUR/USD	1.1785	-0.6%
USD/JPY	154.76	0.9%
USD Index	97.72	0.6%

Equities	Close	Change
S&P/ASX 200	9,007	0.5%
S&P 500	6,859	0.2%
Japan Nikkei	57,144	1.0%
Hang Seng	26,706	0.5%
Euro Stoxx 50	6,103	1.4%
UK FTSE100	10,686	1.2%
VIX Index	20.09	-1.0%

Commodities	Current	Change
CRB Index	307.93	1.9%
Gold	4979.03	2.1%
Copper	12912	2.3%
Oil (WTI futures)	65.26	4.7%
Coal (coking)	221.00	0.0%
Coal (thermal)	122.15	0.9%
Iron Ore	95.90	-1.1%
ACCU	36.13	-4.3%

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.

AUS Interest Rate Swaps	Last	Change
30 day BBSY	3.84	0.00
90 day BBSY	4.02	0.00
180 day BBSY	4.28	0.01
1 year swap	4.17	0.01
2 year swap	4.22	0.02
3 year swap	4.26	0.02
4 year swap	4.30	0.03
5 year swap	4.34	0.03
6 year swap	4.40	0.02
7 year swap	4.45	0.02
8 year swap	4.51	0.02
9 year swap	4.56	0.02
10 year swap	4.81	0.02

Government Bond Yields	Close	Change
Australia		
3 year bond	4.25	0.03
10 year bond	4.72	0.04
United States		
3-month T Bill	3.60	0.01
2 year bond	3.46	0.03
10 year bond	4.08	0.03
Other (10 year yields)		
Germany	2.74	0.00
Japan	2.15	0.01
UK	4.37	0.00

Sydney Futures Exchange	Current	Change
10 yr bond	4.75	0.01
3 yr bond	4.28	0.02
3 mth bill rate	4.02	0.00
SPI 200	8,988	0.3%



Mantas Vanagas
Senior Economist, Westpac Group
P: +61 422 030 326
E: mantas.vanagas@westpac.com.au

Financial Markets

The tone in financial markets turned more positive. Some of the worst fears about the negative AI impacts seem to have abated lifting major equity indices in the US and globally. Firmer US economic data, including durable goods, industrial production, and housing starts, were consistent with more robust momentum in the largest world's economy, while the Fed minutes from the latest FOMC suggesting lingering concerns about inflation persistence.

- After over a week without meaningful daily gains, the S&P 500 traded in the green, but the increase of 0.2% was modest. In Europe, the Euro Stoxx 50, benefiting from rotation away from US markets, rose 1.4%. In Asia, the Nikkei 225 was up 1.0%, marking its best result in more than a week. The domestic ASX 200 also advanced, increasing 0.5%.
- Following a significant rally in recent days, US Treasuries sold off, with the 10Y yield rising 2bp to 4.08% – around 20bp lower since the start of the month. Bunds and Gilts were little changed – Gilts were supported by benign UK inflation data. Australian yields increased by 3–4bp across the curve.
- Stronger US economic data pushed the DXY higher – it gained 0.6%, marking its best day since the start of the month. The EUR fell 0.6%, with investors speculating whether ECB President Christine Lagarde might leave her position before her term expires in October 2027, as some reports suggest. The yen depreciated almost 1.0% as Sanae Takaichi was reappointed Japan's Prime Minister. The NZD lost 1.4%, reacting to the RBNZ which signalled a cautious approach to monetary policy tightening ahead. The AUD declined by 0.7%.
- Tensions between the US and Iran remained in focus for the crude markets. While reports indicated some progress during talks in Geneva, US Vice-President Vance poured cold water on optimism, suggesting that Iran is not yet willing to accept the key demand to give up nuclear weapons ambitions. Against this backdrop, crude rallied strongly, with the March WTI contract up 4.7% to \$65.26. Gold traded higher, rising 2.1%. Copper also increased, while iron ore extended its downward trend, easing 1.1% to \$95.90.

International Data

The **FOMC minutes** noted that “inflation had eased significantly from its highs in 2022 but remained somewhat elevated relative to the Committee’s 2 percent longer-run goal”. Core goods inflation was seen as the primary concern regarding inflation, while the Committee remained constructive on services disinflation – we believe there is more risk on this front. Their take on the labour market was generally positive, seeing evidence of stabilisation after a period of “gradual cooling”. Participants still believe labour market risks remain but are now broadly balanced by the

Today's key data and events

Time	Event	Exp	Prev
11:30	AU Employment Jan	20k	65.2k
11:30	AU Unemployment Rate Jan	4.2%	4.1%
0:30	US Trade Balance Dec	-US\$55.8b	-US\$56.8b
0:30	US Philly Fed Feb	7.2pts	12.6pts
0:30	US Initial Jobless Claims 14/02/2026	225k	227k
2:00	EZ Consumer Confidence Feb Prel.	-11.7pts	-12.4pts
2:00	US Pending Home Sales Jan	2.0%	-9.3%

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.

risk of greater persistence in inflation. The majority of the Committee expect further easing will prove appropriate in time, as inflation abates.

US durable goods beat expectations in December, with the headline measure declining by only 1.4%*mt* after a 5.4%*mt* increase in November. Core orders (capital goods ex defence and air) gained 0.6%*mt* in December following an upwardly revised 0.8%*mt* increase in November. This left the core orders rising by 2.1% in Q4, the fastest since Q1 2025.

Following a downwardly revised 0.2%*mt* increase in December, **US industrial production** rose 0.7%*mt* in January, the steepest in eleven months. Manufacturing output was up 0.6%*mt*, with production of consumer and business equipment both rising by 0.9%*mt*. Utilities provided notable support, rising by 2.1%*mt*.

Housing starts gained 6.2%*mt* in December, and building permits increased 4.3%*mt*. This double release brings starts and permits back up to date following 2025's shutdown. In December, starts are still 23% below 2022's peak level, while permits are down 25%.

UK consumer prices decelerated from 3.4%*yr* to 3.0%*yr*, the slowest pace in ten months. Bulk of the decrease was accounted for by the food category, and lower energy price inflation. Meanwhile, core inflation nudged down 0.1ppt to 3.1%*yr*, as both services (4.4%*yr*) and core goods inflation (0.8%*yr*) eased. Easing inflationary pressures following softer labour market data released earlier this week suggest that the BoE should be ready to ease monetary policy again in March.

Local Data

The **Wage Price Index** rose 0.8% in the December quarter, marking a second consecutive quarter at this pace and a clear step down from the 0.9% outcomes earlier in 2025 ([see here](#)).

The six-month annualised growth rate in the **Westpac–Melbourne Institute Leading Index**, which indicates the likely pace of economic activity relative to trend three to nine months into the future, slowed to +0.02% in January from +0.44% in December ([see here](#)).

In New Zealand, the **RBNZ** left the OCR at 2.25% and brought forward their expectation on when they would begin to raise rates to the end of 2026 or early 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



 westpaciq.com.au

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