



6 March 2026

MORNING REPORT

Today's economic developments and market movements.

Key themes

Risk sentiment deteriorated overnight, with no signs of an imminent end to the conflict as it enters its sixth day.

Oil prices continued to surge, impacting price action across other asset classes. As we go to press, reports of a possible intervention by the US Treasury in oil futures is seeing prices pare back from session highs – markets will be closely watching for more information.

Concerns over inflationary impacts from a drawn-out conflict remain front-of-mind. The sell-off in treasuries persists as expectations for FOMC rate cuts are pared back. Stocks fell again, with added pressure following reports that the US is considering requiring permits for AI chip exports.

The USD rose amid in a flight-to-safety, weighing on gold. Uncertainty over the conflict will undoubtedly remain a key factor going forward, but nearer-term, a stronger turnout from upcoming US payrolls figures could keep downward pressure on 'riskier' currencies like the AUD.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	65.4	0.6%
AUD/USD	0.7008	-0.9%
AUD/JPY	110.35	-0.7%
AUD/GBP	0.5245	-0.9%
AUD/NZD	1.1879	-0.3%
AUD/EUR	0.6037	-0.7%
AUD/CNH	4.8490	-0.6%
AUD/SGD	0.8976	-0.5%
AUD/HKD	5.4786	-1.0%
AUD/CAD	0.9579	-0.8%
EUR/USD	1.1608	-0.2%
USD/JPY	157.46	0.3%
USD Index	99.11	0.3%

Equities	Close	Change
S&P/ASX 200	8,940	0.4%
S&P 500	6,801	-1.0%
Japan Nikkei	55,278	1.9%
Hang Seng	25,321	0.3%
Euro Stoxx 50	5,783	-1.5%
UK FTSE100	10,414	-1.5%
VIX Index	24.36	15.2%

Commodities	Current	Change
CRB Index	336.85	2.8%
Gold	5079.40	-1.2%
Copper	12902	-1.2%
Oil (WTI futures)	80.22	7.4%
Coal (coking)	220.50	0.2%
Coal (thermal)	135.25	1.8%
Iron Ore	99.90	1.3%
ACCU	36.12	-4.3%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	3.88	0.00
90 day BBSY	4.09	-0.02
180 day BBSY	4.42	0.00
1 year swap	4.33	0.05
2 year swap	4.38	0.05
3 year swap	4.40	0.04
4 year swap	4.44	0.05
5 year swap	4.47	0.05
6 year swap	4.52	0.05
7 year swap	4.57	0.05
8 year swap	4.62	0.05
9 year swap	4.67	0.05
10 year swap	4.92	0.04

Government Bond Yields	Close	Change
Australia		
3 year bond	4.36	0.05
10 year bond	4.80	0.05
United States		
3-month T Bill	3.58	-0.01
2 year bond	3.57	0.03
10 year bond	4.13	0.03
Other (10 year yields)		
Germany	2.84	0.09
Japan	2.16	0.04
UK	4.54	0.10

Sydney Futures Exchange	Current	Change
10 yr bond	4.84	0.03
3 yr bond	4.41	0.05
3 mth bill rate	4.09	0.03
SPI 200	8,792	-1.5%

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

Financial Markets

- Stocks fell once again as risk-off sentiment permeated through markets, with no clear signs of an imminent end to the conflict. Reports that the US is considering requiring permits for AI chip exports added more downward pressure on chipmakers. The S&P 500 (-1.0%), Dow Jones (-1.8%) and NASDAQ all declined (-0.6%).
- Yesterday, Asian stocks followed the US higher with a partial rebound, including in Tokyo (+1.9%), Hong Kong (+0.3%), Shanghai (+1.0%) and Seoul (+9.6%). The ASX 200 also rose 0.4%. But after the developments overnight, futures markets are clearly pointing to a weaker open this morning for share markets in Asia.
- Treasuries continued to sell-off across the curve amid perceived upside risks to inflation stemming from the surge in oil prices. The 2Y and 10Y rose 3bps to 3.57% and 4.13% respectively. Market pricing is paring back accordingly, with the next FOMC rate cut pushed back from September to October and a shallower profile overall.
- Yields also jumped significantly higher in Europe, with the 10Y Bund and Gilt up 9bps and 10bps respectively, a sharp turnaround from the steady decline in yields over February. ACGB yields rose during the yesterday's local session, with momentum carrying through to futures trading overnight. Swaps markets have fully priced in an RBA rate hike for May while conviction over a possible move earlier in March remains low.
- The USD broadly strengthened in a flight-to-safety overnight, seeing the DXY rise from 98.8 to a peak of 99.4, before paring back and settling back around 99.1 at the time of writing. Across the main DXY pairs, the Japanese Yen was slipped a bit further (-0.3%) compared to the Euro (-0.2%), Loonie (-0.2%) and Sterling (-0.1%).
- The Aussie and Kiwi dollars understandably sold-off more significantly, down around -0.9% and -0.7% respectively. Uncertainty over the conflict will undoubtedly remain a key factor going forward, but nearer-term, a stronger turnout from upcoming US payrolls figures could keep downward pressure on these pairs.
- Crude oil prices continued to ratchet higher against the uncertain backdrop of the US-Israel led war with Iran, surging north of 7% overnight. Just as we go to press, however, reports of a possible intervention by the US Treasury in oil futures markets is starting to see prices pare back from session highs – markets will be closely watching for more information.

Today's key data and events

Time	Event	Exp	Prev
21:00	EZ GDP Q4 T	0.3%	0.3%
0:30	US Retail Sales Jan	-0.3%	0.0%
0:30	US Non-Farm Payrolls Feb	60k	130k
0:30	US Average Hourly Earnings Feb	0.3%	0.4%
0:30	US Unemployment Rate Feb	4.3%	4.3%
2:00	US Business Inventories Dec	0.1%	0.1%
5:30	AU RBA's Hauser-Panel Discussion	-	-
7:00	US Consumer Credit Jan	US\$13.3b	US\$24b
-	CN Foreign Reserves Feb	-	-US\$3399.1b

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.

- Gold meanwhile declined as the USD strengthened and market pricing for FOMC rate cuts were pared back, down -1.2% to around US\$5,080/oz. Base metals fell under pressure amid a broader risk-off mood, LME copper and aluminium falling -1.2% and -1.4% respectively. Iron ore slid back under US\$100/mt.

International Data

In the US, **initial jobless claims** remained unchanged versus last week at 213k, slightly better than expectations looking for a small rise. This is still a very low level compared to history, and is not indicative of any material weakening in labour demand. Meanwhile, **import prices** rose 0.2% in January on a headline basis and 0.4% after excluding petroleum.

In the Eurozone, **retail sales** disappointed in January, declining 0.1%. However, this followed a material upward revision from -0.5% to +0.1% in December, putting the annual growth pace on a firmer footing at 2.0%yr in January.

Local Data

In Australia, January's **household spending indicator** was broadly in line with expectations, which together with this week's national accounts data, suggests spending growth is stabilising (see [here](#)). The **goods trade surplus** also narrowed in January; looking ahead, the conflict in the Middle East is likely to push oil import costs higher, yet it may also open some opportunities for Australian exporters (see [here](#)).

In New Zealand, **construction activity** fell -3.1% in Q4 mainly due to a sharp drop in non-residential work, while residential activity looks to be finding a base (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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