



10 March 2026

MORNING REPORT

Today's economic developments and market movements.

Key themes

The further escalation of the conflict in the Middle East over the weekend saw Brent crude open well above the \$100 mark yesterday. It rose to fresh highs after Mojtaba Khamenei, the son of the late supreme leader Ayatollah Ali Khamenei, was chosen as Iran's new leader.

Market pressures eased after the G7 committed to taking necessary steps to support global energy supply, and President Trump commented that the war is pretty much complete. Brent fell to around \$90 this morning.

Most equity benchmark indices were flashing red during Asian trading hours. The S&P 500 opened 1.5% lower but recovered throughout the day.

The 10Y US Treasury yield surged to 4.21% from around 4.14% on Friday as investors considered the inflationary impact of rising energy costs. As concerns eased, the yield fell to 4.11%.

After dropping below 0.70 yesterday, the AUD rebounded, rising to around 0.7070, up 0.6% for the day.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	65.2	-0.2%
AUD/USD	0.7072	0.6%
AUD/JPY	111.59	0.6%
AUD/GBP	0.5264	0.4%
AUD/NZD	1.1929	0.1%
AUD/EUR	0.6087	0.6%
AUD/CNH	4.8762	0.4%
AUD/SGD	0.9015	0.3%
AUD/HKD	5.5312	0.6%
AUD/CAD	0.9606	0.7%
EUR/USD	1.1617	0.0%
USD/JPY	157.79	0.0%
USD Index	98.88	-0.1%

Equities	Close	Change
S&P/ASX 200	8,599	-2.8%
S&P 500	6,796	0.8%
Japan Nikkei	52,729	-5.2%
Hang Seng	25,408	-1.4%
Euro Stoxx 50	5,685	-0.6%
UK FTSE100	10,250	-0.3%
VIX Index	25.5	-13.5%

Commodities	Current	Change
CRB Index	356.89	1.4%
Gold	5138.14	-0.6%
Copper	12954	0.7%
Oil (WTI futures)	88.14	-3.0%
Coal (coking)	223.00	1.6%
Coal (thermal)	142.90	3.9%
Iron Ore	104.10	1.5%
ACCU	36.12	-4.3%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	3.90	0.01
90 day BBSY	4.13	0.01
180 day BBSY	4.50	0.04
1 year swap	4.36	0.01
2 year swap	4.44	0.02
3 year swap	4.45	0.00
4 year swap	4.51	0.04
5 year swap	4.55	0.04
6 year swap	4.59	0.04
7 year swap	4.63	0.04
8 year swap	4.68	0.04
9 year swap	4.72	0.03
10 year swap	4.92	-0.01

Government Bond Yields	Close	Change
Australia		
3 year bond	4.56	0.13
10 year bond	4.94	0.09
United States		
3-month T Bill	3.59	0.00
2 year bond	3.55	-0.01
10 year bond	4.11	-0.03

Other (10 year yields)		
Germany	2.86	0.00
Japan	2.19	0.02
UK	4.65	0.02

Sydney Futures Exchange	Current	Change
10 yr bond	4.86	-0.09
3 yr bond	4.46	-0.11
3 mth bill rate	4.08	-0.01
SPI 200	8,751	2.1%

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

All eyes in financial markets were on developments in the Middle East conflict, as investors weighed their impact on oil prices and other major assets. The escalation over the weekend – including reports that the US President is considering deploying special forces to Iran to seize its uranium – saw Brent crude open well above the \$100 mark.

Headlines indicated that Mojtaba Khamenei, the son of the late supreme leader Ayatollah Ali Khamenei, was chosen as Iran's new leader, driving Brent to fresh highs. This appointment signalled continuity of the regime and its hardline stance against the US and Israel.

Market pressures eased somewhat when the International Energy Agency announced that G7 finance ministers would discuss a coordinated release of petroleum from reserves. Although they determined it would be premature to act at this stage, they committed to taking necessary steps to support global energy supply. President Trump's remark that "the war is very complete, pretty much" saw Brent fall below \$90 at one point this morning.

- Most equity benchmark indices were flashing red yesterday during Asian trading hours. With Japan particularly sensitive to global energy prices, the Nikkei 225 fell by more than 5%. Chinese stocks and other markets with significant exposure to China proved more resilient – for example, the Hang Seng in Hong Kong decreased by 1.4%. The Australian ASX 200 dropped 2.8%, with losses in the technology and materials sectors approaching 5%.
- European stocks also traded lower, but losses were more contained. The Euro Stoxx 50 declined 0.6%, with airline, automotive and real estate stocks among the biggest losers. The FTSE 100 in the UK was down 0.3%. In the US, the S&P 500 opened 1.5% lower but recovered throughout the day. News of further declines in oil prices saw the US benchmark finish in positive territory, up 0.8%.
- It was a day of two halves for major government bonds. The 10Y US Treasury yield surged to 4.21% from around 4.14% on Friday as investors considered the inflationary impact of rising energy costs. As concerns eased, the yield fell sharply, ending the day at 4.11%. Other major bonds followed a similar pattern, with yields reversing earlier increases. 10Y Gilts and JGB yields are now up only 2bp, while the equivalent German Bund yield returned to Friday's level. Australian yields rose 7–13bp across the curve, but futures indicate a sharp decline at the market open this morning.
- In the FX space, the DXY peaked at 99.69 but eventually slipped below 99.0 and was down 0.1% from Friday's levels. Other major currencies – EUR, GBP and JPY – were largely unchanged. After dropping below 0.70 yesterday, the AUD

Today's key data and events

Time	Event	Exp	Prev
10:30	AU Westpac-MI Consumer Sentiment Mar	-	90.5pts
10:30	JP Household Spending Jan	2.4%	-2.6%
10:50	JP GDP Q4 Final	0.3%	0.1%
11:30	AU NAB Business Conditions Feb	-	7pts
21:00	US NFIB Small Business Optimism Feb	99.5pts	99.3pts
1:00	US Existing Home Sales Feb	-0.8%	-8.4%

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.

rebounded, rising to around 0.7070, up 0.6% for the day.

- In commodity markets, crude remains highly volatile this morning, but the Brent May contract is now trading unchanged from Friday's close, while April WTI is about 3.0% lower. Gold is down 0.6%. Iron ore continued its upward trend, rising another 1.5% to \$104.10, with expectations of further fiscal measures in China and the ongoing dispute between BHP and Chinese authorities supporting prices.

International Data

Headline **Chinese CPI inflation** surged by just over 1ppt in February, reaching 1.3%yr, the highest print in roughly three years. This acceleration was driven predominantly by a sharp uptick in food inflation, which swung from -0.7%yr to 1.7%yr, and an equally striking rise in services inflation, up 1.5ppt to 1.6%yr. Both categories typically experience seasonal boosts during the Lunar New Year month, suggesting that the latest spike is likely to dissipate as holiday-related spending subsides. Meanwhile, producer price inflation also edged higher, improving from -1.4%yr to -0.9%yr annual growth. Despite the modest rebound, producer prices remain well in deflationary territory – a reflection of persistent overcapacity and subdued domestic demand.

The **NY Fed Survey of Consumer Expectations** revealed a modest easing in near-term US consumer inflation expectations for February. The one-year-ahead expected growth rate edged down from 3.1%yr to 3.0%yr, a level last recorded in June 2025. Expectations for inflation at the three- and five-year horizons were stable at 3.0%yr. The recent surge in energy prices is likely to shape consumer inflation expectations in the coming months. Market-based measures have already responded – for instance, the 2Y USD breakeven rate has risen by roughly 40bp over the past two weeks.

The **Sentix survey** captured the immediate response of euro area institutional and individual investors to the unfolding conflict in the Middle East. After a steady recovery in recent months, the headline indicator had climbed to 4.2 points in February, the second-highest mark in the current cycle, however, March saw a reversal, with the headline measure slipping to -3.1, trailing the long-term average, which hovers close to zero, yet remaining above the 2025 average of -7.



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