



11 March 2026

MORNING REPORT

Today's economic developments and market movements.

Key themes

Global markets stabilised overnight traders responding to conflicting US messaging on the war in the Middle East. US officials signalled that military operations were escalating against Iran, which threw cold water on President Trump's suggestion that the conflict could be resolved soon.

Key US equity indices retraced earlier gains to finish slightly lower, while European markets, responding to news from the previous day, moved higher. Asian markets also finished firmly in the green. Treasury yields ticked up in the US but fell across most of Europe.

There was a clear risk on tone in currency markets, with the US dollar falling 0.3%, while the Aussie outperformed, rising to its highest intraday level of 0.7168 since June 2022.

Commodity prices were generally lower, led by oil, which fell almost 10%, extending losses after the US President signalled the conflict could be resolved soon.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	65.3	-0.2%
AUD/USD	0.7030	0.3%
AUD/JPY	110.92	0.4%
AUD/GBP	0.5241	-0.1%
AUD/NZD	1.1915	0.2%
AUD/EUR	0.6053	0.3%
AUD/CNH	4.8558	0.2%
AUD/SGD	0.8986	0.1%
AUD/HKD	5.4995	0.4%
AUD/CAD	0.9540	-0.4%
EUR/USD	1.1618	0.1%
USD/JPY	157.78	0.1%
USD Index	98.99	-0.3%

Equities	Close	Change
S&P/ASX 200	8,851	-1.0%
S&P 500	6,740	-1.3%
Japan Nikkei	55,621	0.6%
Hang Seng	25,757	1.7%
Euro Stoxx 50	5,720	-1.1%
UK FTSE100	10,285	-1.2%
VIX Index	29.49	24.2%

Commodities	Current	Change
CRB Index	352.12	4.5%
Gold	5171.74	1.8%
Copper	12862	-0.3%
Oil (WTI futures)	90.90	12.2%
Coal (coking)	219.50	-0.5%
Coal (thermal)	137.50	1.3%
Iron Ore	102.15	0.6%
ACCU	36.12	-4.3%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	3.90	0.01
90 day BBSY	4.12	0.03
180 day BBSY	4.46	0.03
1 year swap	4.35	0.04
2 year swap	4.43	0.07
3 year swap	4.45	0.06
4 year swap	4.47	0.05
5 year swap	4.51	0.05
6 year swap	4.55	0.04
7 year swap	4.59	0.04
8 year swap	4.64	0.03
9 year swap	4.68	0.03
10 year swap	4.93	0.02

Government Bond Yields	Close	Change
Australia		
3 year bond	4.43	0.07
10 year bond	4.84	0.04
United States		
3-month T Bill	3.58	-0.01
2 year bond	3.56	-0.02
10 year bond	4.14	0.00

Other (10 year yields)		
Germany	2.86	0.02
Japan	2.17	0.01
UK	4.63	0.09

Sydney Futures Exchange	Current	Change
10 yr bond	4.89	0.03
3 yr bond	4.46	0.03
3 mth bill rate	4.07	0.00
SPI 200	8,684	-1.8%

Data as at 7:20am AEDT. Change is from the previous trading day (excluding the SFE, which is the change during the night session). Source: Bloomberg.



Pat Bustamante
Senior Economist, Westpac Group
P: +61 468 571 786
E: pat.bustamante@westpac.com.au

Financial Markets

- Global markets stabilised overnight as investors waited for further signals on how long the war in the Middle East has to run. US stocks started the session higher but retraced much of those gains to end slightly lower. Mixed signals saw traders reduce risk appetite as the session wore on. Firstly, the US Energy Secretary announced that the US Navy had escorted an oil tanker through the Strait of Hormuz, only for White House Press Secretary to later say no such operation had occurred. In addition, US officials signalled that military operations were escalating against Iran and that there was little chance of diplomatic talks, throwing cold water on Trump's suggestion that the conflict could be resolved soon. The S&P 500 slipped 0.2%, the Dow Jones Industrial Average declined 0.1%, while the tech heavy Nasdaq was flat.
- European markets outperformed as investors responded to the US administration's expectations of a swift end to the Middle East conflict. The Euro Stoxx 50 finished 2.7% in the green, Germany's DAX climbed 2.6%, the FTSE 100 increased 1.8%, France's CAC gained 2.1%, and the Swiss Market Index was up 0.8%. Asian markets were notably firmer, led by Japan's Nikkei, which surged 2.9%, while Hong Kong's Hang Seng gained 2.2%. Locally, the S&P/ASX 200 rose 1.1% to 8,693, reclaiming some of last week's losses, with SPI 200 futures pointing modestly higher into today's session.
- Bond markets were mixed. US Treasury yields edged higher after starting the session lower, with the 2 year yield up 5bps to 3.58% and the 10 year yield also rising 5bps to 4.15%. Interest rate futures now price around 40bps of easing through the end of 2026 (down from 60bps before the war started), with the first full rate cut expected by September. European sovereign yields moved lower, led by the UK, where 10 year gilt yields fell 9bps to 4.55% amid a risk on mood.
- Local bond yields pushed higher, with 3 year and 10 year yields on futures increasing 3bps and 1bp to 4.49% and 4.89%, respectively. OIS pricing suggests a terminal cash rate this year of around 4.40% (from around 4.10% one week ago, before the war started), with the first full rate hike pencilled in for May and another by November.
- Currency markets saw further US dollar weakness as haven demand eased. The USD index fell 0.3% to 98.9, partly retracing last week's gains. The Aussie outperformed, rising 0.6% to 0.7121 against the greenback, reaching a session high of 0.7168, the highest intraday level since June 2022. The gains were broad based against the yen, euro, sterling, and New Zealand dollar. AUD/JPY climbed to 112.5 as risk sentiment improved, while EUR/USD edged lower to 1.1615 amid relative yield support for the greenback. USD/JPY remained elevated near 158.

Today's key data and events

Time	Event	Exp	Prev
23:30	US CPI Feb	0.3%	0.2%
23:30	US Trade Balance Jan	-US\$66b	-US\$70.3b
23:30	US Initial Jobless Claims 7/03/2026	215k	213k
23:30	US Housing Starts Jan	-4.5%	6.2%
23:30	US Building Permits Jan Prel.	-3.1%	-

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.

- Commodity prices were volatile but finished the day mostly lower. Oil prices fell sharply amid US messaging that the war will come to an end quickly, with WTI futures down 8.9% to USD86.4/bbl, retracing part of the near 40% rally seen since the conflict began. Coal prices also softened, particularly thermal coal (down 6.4%), while iron ore edged higher to USD103.3/t. Gold rose 1.1% to USD5,196 per ounce, supported by safe haven demand.

International Data

While domestic demand growth prospects in **China** remain a significant concern, its **exports growth** goes from strength to strength. The latest data for February suggested that export growth shot up to almost 40%yr. Timing of Lunar New Year might have distorted the picture somewhat, but even the January and February together reported an almost 22%yr increase, up from 5.5%yr growth in 2025. Exports to the US remained particularly subdued, down more than a third from the levels late in 2024. While the change in the US import tariffs will ease the burden for Chinese exporters somewhat in the near term, the overall impact might be relatively minor as they have been diversifying into other markets, particularly other growing economies in Asia, Africa and Europe.

The **NFIB Small Business Optimism Index** recorded 98.8 in February, a three-month low and down by 0.5pts compared to January. Despite this pullback, the index remained approximately 2pts above its long-run average.

US **existing home sales** surprised to the upside, climbing 1.5%mtm in February. The annualised rate reached 4.09mn, aligning closely with the average seen over the past three years and suggesting a broadly steady market.

Local Data

The Westpac–Melbourne Institute **Consumer Sentiment Index** edged 1.2% higher to 91.6 in March from 90.5 in February ([see here](#)).

The headline **business conditions** index was unchanged in February at 7, matching its long run average. Business confidence deteriorated sharply in February, falling -5pts to -1 and returning to negative territory for the first time since March 2025 ([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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