



13 March 2026

# MORNING REPORT

Today's economic developments and market movements.

## Key themes

After trading below \$95 over the past couple of days, Brent crude surged above \$100 again, as Iran continued to target neighbouring countries – attacking oil and energy infrastructure, as well as oil tankers.

The agreement by the IEA members to release 400mb of oil from strategic reserves failed to calm the markets.

Iran's new Supreme Leader Mojtaba Khamenei stated that the Strait of Hormuz should remain closed and indicated that Iran intends to open new fronts in the region – suggesting the conflict is likely to persist.

Equity markets responded negatively, and major government bond yields rose, reflecting expectations of inflationary pressure from higher energy prices.

In currency markets, the DXY rose for the second consecutive day, gaining 0.5%. The AUD and NZD were among the weakest performers, both falling 1%.

## Data snapshot

| FX Last 24 hrs | Current | Change |
|----------------|---------|--------|
| TWI            | 66.2    | -0.5%  |
| AUD/USD        | 0.7079  | -1.0%  |
| AUD/JPY        | 112.83  | -0.7%  |
| AUD/GBP        | 0.5305  | -0.5%  |
| AUD/NZD        | 1.2093  | 0.0%   |
| AUD/EUR        | 0.6150  | -0.5%  |
| AUD/CNH        | 4.8728  | -0.9%  |
| AUD/SGD        | 0.9056  | -0.6%  |
| AUD/HKD        | 5.5411  | -1.0%  |
| AUD/CAD        | 0.9651  | -0.7%  |
| EUR/USD        | 1.1512  | -0.5%  |
| USD/JPY        | 159.38  | 0.3%   |
| USD Index      | 99.74   | 0.5%   |

| Equities      | Close  | Change |
|---------------|--------|--------|
| S&P/ASX 200   | 8,629  | -1.3%  |
| S&P 500       | 6,673  | -1.5%  |
| Japan Nikkei  | 54,453 | -1.0%  |
| Hang Seng     | 25,717 | -0.7%  |
| Euro Stoxx 50 | 5,749  | -0.8%  |
| UK FTSE100    | 10,305 | -0.5%  |
| VIX Index     | 27.24  | 12.4%  |

| Commodities       | Current | Change |
|-------------------|---------|--------|
| CRB Index         | 365.03  | 2.8%   |
| Gold              | 5073.16 | -2.0%  |
| Copper            | 13000   | -0.3%  |
| Oil (WTI futures) | 96.13   | 10.2%  |
| Coal (coking)     | 222.50  | 0.5%   |
| Coal (thermal)    | 135.00  | 1.4%   |
| Iron Ore          | 106.90  | 3.5%   |
| ACCU              | 36.13   | -4.3%  |

| AUS Interest Rate Swaps | Last | Change |
|-------------------------|------|--------|
| 30 day BBSY             | 4.00 | 0.02   |
| 90 day BBSY             | 4.23 | 0.03   |
| 180 day BBSY            | 4.65 | 0.08   |
| 1 year swap             | 4.47 | 0.01   |
| 2 year swap             | 4.54 | 0.02   |
| 3 year swap             | 4.57 | 0.02   |
| 4 year swap             | 4.58 | 0.01   |
| 5 year swap             | 4.62 | 0.01   |
| 6 year swap             | 4.66 | 0.00   |
| 7 year swap             | 4.71 | 0.00   |
| 8 year swap             | 4.76 | 0.00   |
| 9 year swap             | 4.80 | 0.01   |
| 10 year swap            | 5.07 | 0.01   |

| Government Bond Yields | Close | Change |
|------------------------|-------|--------|
| <b>Australia</b>       |       |        |
| 3 year bond            | 4.55  | 0.08   |
| 10 year bond           | 4.95  | 0.10   |
| <b>United States</b>   |       |        |
| 3-month T Bill         | 3.60  | 0.00   |
| 2 year bond            | 3.74  | 0.09   |
| 10 year bond           | 4.27  | 0.04   |

| Other (10 year yields) |      |      |
|------------------------|------|------|
| Germany                | 2.96 | 0.02 |
| Japan                  | 2.19 | 0.02 |
| UK                     | 4.77 | 0.09 |

| Sydney Futures Exchange | Current | Change |
|-------------------------|---------|--------|
| 10 yr bond              | 5.01    | 0.04   |
| 3 yr bond               | 4.61    | 0.07   |
| 3 mth bill rate         | 4.18    | 0.02   |
| SPI 200                 | 8,592   | -0.3%  |

Data as at 7:25am 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

Oil markets were in turmoil again, despite President Trump's assertion that the United States had already prevailed in its conflict with Iran.

After trading below \$95 over the last couple of days, Brent crude surged above \$100 again, as Iran continued to target neighbouring countries – attacking oil and energy infrastructure, as well as oil tankers.

The International Energy Agency (IEA) announced that 32 member countries had agreed to release 400mb of oil from their emergency reserves, but this move did not calm the markets. Over the next twelve months, the United States will provide 172mb into the market – a smaller proportion than in previous similar situations.

In his first public remarks since becoming Supreme Leader, Mojtaba Khamenei stated that the Strait of Hormuz should remain closed and indicated that Iran intends to open new fronts in the region – suggesting the conflict is likely to persist.

- Equity markets responded negatively to the latest developments in the Middle East. The S&P 500 in the US fell 1.5% and is now down 3.0% since the conflict began. Among major sectors, energy and utilities posted modest gains, while most other major sectors declined by more than 1%.
- In Europe, banking stocks sold off sharply, leading the Euro Stoxx 50 0.8% lower. Asian benchmark indices also closed in the red – the Nikkei 225 dropped 1.0%, and the Hang Seng was down 0.7%. The domestic ASX 200 lost 1.3%, driven by a 3.4% fall in tech stocks and a 2.6% decline in real estate.
- As the conflict continues, major government bond yields rose, reflecting expectations of inflationary pressure from higher energy prices. The 10Y US Treasury yield rose 4bp to 4.27% – the highest since early February – while the short end of the curve increased by about 8bp. Financial markets have adjusted their outlook for Fed policy, now pricing in less than one fed funds rate cut this year.
- Other major bond yields followed a similar trend. The 10Y Gilt climbed 9bp, while equivalent Bund and JGB yields increased by 2bp. The Australian yield curve shifted higher, with the 10Y up 10bp to 4.95%. The swap curve now implies three RBA cash rate increases before year-end.
- In currency markets, the DXY rose for the second consecutive day, gaining 0.5% to reach 99.70. The JPY lost 0.3%, while both the EUR and GBP depreciated 0.5%. The AUD and NZD were among the weakest performers, both falling 1%. The AUD dipped below 0.71 again.

## Today's key data and events

| Time  | Event                                   | Exp     | Prev    |
|-------|---|---------|---------|
| 8:30  | NZ Manufacturing PMI Feb                | -       | 55.2pts |
| 8:45  | NZ Net Migration Jan                    | -       | 2870k   |
| 18:00 | GB Trade Balance Jan                    | -£3900b | -£4340b |
| 21:00 | EZ Industrial Production Jan            | 0.6%    | -1.4%   |
| 23:30 | US Personal Income Jan                  | 0.5%    | 0.3%    |
| 23:30 | US Personal Spending Jan                | 0.3%    | 0.4%    |
| 23:30 | US PCE Deflator Jan                     | 0.3%    | 0.4%    |
| 23:30 | US Core PCE Deflator Jan                | 0.4%    | 0.4%    |
| 23:30 | US Durable Goods Orders Jan Prel.       | 1.1%    | -1.4%   |
| 23:30 | US GDP Q4 S                             | 1.4%    | 1.4%    |
| 1:00  | US Uni. Of Michigan Sentiment Mar Prel. | 54.6pts | 56.6pts |
| 1:00  | US Jolts Job Openings Jan               | 6750k   | 6542k   |

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.

- The May Brent contract continues to trade above \$100 this morning, at \$101.50, while April WTI is at \$96.13. Both represent increases of about 10% on the day.
- Despite the risk-off environment, gold extended its losses, down 2.0%, and copper eased 0.3%. Iron ore rose 3.5% to \$106.90, as news wires reported that China is preparing to impose further restrictions on BHP products in an ongoing dispute over price-setting mechanisms.

## International Data

The **US trade deficit** narrowed to \$54.5bn in January from \$72.9bn in December and a similar level of \$56.0bn in November. Exports gained 5.5% in the month and imports declined 0.7%. The trade balance with China was little changed, but the trade balance with the EU improved significantly. The trade surplus with Australia recovered after a seasonal decline at the end of the year.

**US housing starts** gained 7.2% in January after a 4.8% increase in December. Permits in contrast fell 5.4% after a 4.8% decline in December. Starts remain 18% below the 2022 peak, and permits 28%.

**US initial jobless claims** were broadly unchanged last week at 213k, a historically low level, suggesting no immediate deterioration in the US labour market conditions after the conflict in the Middle East began.



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