



24 March 2026

MORNING REPORT

Today's economic developments and market movements.

Key themes

President Trump stated that the US and Iran had “very good and productive conversations regarding a complete and total resolution of our hostilities”, and that he has “instructed the Department of War to postpone any and all military strikes against Iranian power plants and energy infrastructure for a five day period, subject to the success of the ongoing meetings and discussions.”

Headlines have been very choppy since, with many Iranian officials denying that negotiations are taking place while President Trump effectively doubles-down on the claim.

Markets are left striking a balance between welcoming the tentative news of possible de-escalation while weighing the immense uncertainty still clouding this progress.

Oil prices fell over 10%, stocks and bonds rebounded, and USD sold off. However, these moves represent only a partial reversal of the price action that has taken place over recent days.

Data snapshot

| FX Last 24 hrs | Current | Change |
|----------------|---------|--------|
| TWI | 65.3 | -1.2% |
| AUD/USD | 0.7010 | -0.2% |
| AUD/JPY | 111.07 | -0.7% |
| AUD/GBP | 0.5220 | -0.8% |
| AUD/NZD | 1.1970 | -0.6% |
| AUD/EUR | 0.6037 | -0.5% |
| AUD/CNH | 4.8269 | -0.5% |
| AUD/SGD | 0.8937 | -0.8% |
| AUD/HKD | 5.4914 | -0.2% |
| AUD/CAD | 0.9624 | -0.1% |
| EUR/USD | 1.1611 | 0.3% |
| USD/JPY | 158.46 | -0.5% |
| USD Index | 99.13 | -0.5% |

| Equities | Close | Change |
|---------------|--------|--------|
| S&P/ASX 200 | 8,366 | -0.7% |
| S&P 500 | 6,581 | 1.1% |
| Japan Nikkei | 51,515 | -3.5% |
| Hang Seng | 24,382 | -3.5% |
| Euro Stoxx 50 | 5,574 | 1.3% |
| UK FTSE100 | 9,894 | -0.2% |
| VIX Index | 26.15 | -2.4% |

| Commodities | Current | Change |
|-------------------|---------|--------|
| CRB Index | 350.74 | -4.5% |
| Gold | 4406.74 | -1.9% |
| Copper | 12167 | 2.0% |
| Oil (WTI futures) | 88.95 | -9.4% |
| Coal (coking) | 222.50 | 0.2% |
| Coal (thermal) | 140.50 | -4.1% |
| Iron Ore | 107.50 | 0.0% |
| ACCU | 36.13 | -4.3% |

| AUS Interest Rate Swaps | Last | Change |
|-------------------------|------|--------|
| 30 day BBSY | 4.10 | -0.01 |
| 90 day BBSY | 4.36 | 0.03 |
| 180 day BBSY | 4.85 | 0.03 |
| 1 year swap | 4.64 | -0.10 |
| 2 year swap | 4.73 | -0.12 |
| 3 year swap | 4.71 | -0.13 |
| 4 year swap | 4.74 | -0.10 |
| 5 year swap | 4.76 | -0.06 |
| 6 year swap | 4.80 | -0.08 |
| 7 year swap | 4.84 | -0.06 |
| 8 year swap | 4.88 | -0.06 |
| 9 year swap | 4.92 | -0.05 |
| 10 year swap | 5.14 | -0.08 |

| Government Bond Yields | Close | Change |
|------------------------|-------|--------|
| Australia | | |
| 3 year bond | 4.82 | 0.03 |
| 10 year bond | 5.12 | 0.09 |
| United States | | |
| 3-month T Bill | 3.61 | -0.01 |
| 2 year bond | 3.85 | -0.05 |
| 10 year bond | 4.35 | -0.03 |

| Other (10 year yields) | | |
|------------------------|------|-------|
| Germany | 3.01 | -0.04 |
| Japan | 2.31 | 0.04 |
| UK | 4.92 | -0.07 |

| Sydney Futures Exchange | Current | Change |
|-------------------------|---------|--------|
| 10 yr bond | 5.07 | -0.09 |
| 3 yr bond | 4.73 | -0.13 |
| 3 mth bill rate | 4.18 | 0.00 |
| SPI 200 | 8,567 | 1.8% |

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

Markets were initially bracing for an imminent escalation in the conflict as President Trump's 48 hour deadline for Iran to "fully open" the Strait of Hormuz marched closer, which saw a continued sell-off in stocks and bonds during the Asian session.

However, just before the NY open, President Trump stated that the US and Iran had "very good and productive conversations regarding a complete and total resolution of our hostilities", and that he has "instructed the Department of War to postpone any and all military strikes against Iranian power plants and energy infrastructure for a five day period, subject to the success of the ongoing meetings and discussions."

Headlines have been very choppy since, with many Iranian officials denying that negotiations are taking place while President Trump effectively doubles down on the claim, leaving markets to strike a balance between welcoming the tentative news of possible de-escalation while weighing the immense uncertainty still clouding this progress.

- US share markets had their strongest day since the onset of the conflict, with the S&P 500 (+1.1%), Dow Jones (+1.4%) and NASDAQ (+1.4%) all rallying. European markets also reacted positively to the news of tentative progress in the Middle East, with the Euro Stoxx 50 up 1.3%, while London's FTSE 100 pared back to only a modest decline (-0.2%).
- Asian equities were in the throes of a risk-off mood on Monday, with massive declines across Tokyo (-3.5%), Hong Kong (-2.5%), Shanghai (-3.3%) and Seoul (-6.5%). The ASX 200 shed -0.7%, driven by losses driven by gold and silver miners, given Monday's large falls in precious metals. However, futures markets are pointing to a rebound this morning.
- Global bonds shifted from rout to rally overnight as traders welcomed reacted to signs (albeit conflicting) of tentative progress being made in US-Iran negotiations. The 2Y and 10Y treasuries dropped -5bps and -3bps to 3.85% and 4.35% respectively. Near-term pricing for the Fed has pared back, with the small chance of a rate hike this year now appearing slimmer.
- Bunds and Gilts exhibited massive bull steepeners overnight, short-end yields dropping in the order of 10-15bps while the 10Y's pared back from cycle highs. Underscoring these moves was a pull-back in market pricing – the ECB and BoE are still seen pursuing rate hikes this year, but it now looks closer to two rate hikes rather than three.
- ACGB yields shot up to its highest levels since 2011 during local trading. However, this was swiftly reversed in futures trading overnight, which saw the 3Y and 10Y shed -13bps and -9bps to 4.73% and 5.07% respectively. Fears over upside inflation risks remain, although swaps markets have pared back RBA pricing from three rate hikes this year to two.

Today's key data and events

| Time | Event | Exp | Prev |
|-------|---------------------------------------|---------|---------|
| 10:30 | JP CPI Feb | 1.5% | 1.5% |
| 11:30 | JP S&P Global Manufacturing PMI Mar | - | 53pts |
| 11:30 | JP S&P Global Services PMI Mar | - | 53.8pts |
| 20:00 | EZ HCOB Manufacturing PMI Mar | 49.6pts | 50.8pts |
| 20:00 | EZ HCOB Services PMI Mar Prel. | 51.1pts | 51.9pts |
| 20:30 | GB S&P Global Manufacturing PMI Mar | 50.0pts | 51.7pts |
| 20:30 | GB S&P Global Services PMI Mar | 52.9pts | 53.9pts |
| 23:30 | US Productivity Q4 Final (Annualised) | 1.8% | 2.8% |
| 0:45 | US S&P Manufacturing PMI Mar | 51.3pts | 51.6pts |
| 0:45 | US S&P Services PMI Mar | 52.0pts | 51.7pts |
| 1:00 | US Richmond Fed Mar | -8pts | -10pts |

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.

- Currencies were quick to react to the news of possible negotiations, with the uptrend in the USD during Asian trading giving way to a sharp decline overnight, leaving the DXY -0.5% lower at 99.13 at the time of writing. Moves across the basket were varied. Sterling led the gains (+0.7%), followed by the Yen (+0.5%) then the Euro (+0.3%).
- The Aussie dollar stood-out after struggling to recover from an earlier slide on Monday, and although it was able to regain a footing slightly above USD0.70, it ultimately finished -0.2% below Friday's close.
- It was yet another volatile session for crude oil prices – rallying during the Asian session as President Trump's 48 hour deadline approach, before collapsing after news broke of strikes being delayed in order to pursue further negotiations. WTI and Brent have since settled around -9.4% and -10.7% lower on the day at US\$88.95/bbl and US\$100.13/bbl. Note these prices are still 32% and 38% above pre-conflict levels respectively.
- Moves were mixed across the metals complex, with LME copper staging a modest 2.0% rebound back above the US\$12,000/t mark, while LME aluminium shed -0.5%. Tidal shifts across yields and the dollar saw gold flip from a sharp 8% collapse during Asian trading to a near 8% rally overnight, ultimately finishing -1.9% lower from Friday's close at US\$4,407/oz.

International Data

In the US, **construction spending** contracted -0.3% in Jan, following upwardly revised expansions of 0.6% and 0.8% in Nov and Dec respectively. The **Chicago Fed Activity Index** meanwhile fell to -0.11 in February, driven by weaker production labour markets, suggesting slower momentum even before the conflict in the Middle East started.

The **FOMC's Goolsbee** underscored the monetary policy uncertainty in the US at the moment. "We could be back to the environment with multiple rate cuts for the year if inflation behaves", he said but also noted that he "could see circumstances where [they] would need to raise rates if it was going a different way, and inflation was getting out of control".



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