



27 March 2026

MORNING REPORT

Today's economic developments and market movements.

Key themes

Optimism seen in financial markets earlier this week about a potential resolution between the US and Iran has faded, giving way to scepticism – reflected in rising oil prices and a broad sell-off across equities and major government bonds.

President Trump has confirmed that the US will not attack Iranian energy infrastructure for another ten days, extending his previous deadline.

Oil prices steadily increased throughout the day. Gains were pared back after Trump's announcement.

Major equity markets saw significant declines, with the S&P 500 in the US dropping 1.7%, and European benchmark indices suffering similar losses.

US Treasury yields were up 11bp. Domestic yields also rose – the 10Y moved back above 5%, but the steepest losses were at the short end.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	65.0	0.0%
AUD/USD	0.6892	-0.8%
AUD/JPY	110.06	-0.7%
AUD/GBP	0.5169	-0.6%
AUD/NZD	1.1955	-0.1%
AUD/EUR	0.5976	-0.6%
AUD/CNH	4.7695	-0.6%
AUD/SGD	0.8857	-0.5%
AUD/HKD	5.3941	-0.7%
AUD/CAD	0.9553	-0.4%
EUR/USD	1.1531	-0.2%
USD/JPY	159.70	0.1%
USD Index	99.86	0.3%

Equities	Close	Change
S&P/ASX 200	8,526	-0.1%
S&P 500	6,477	-1.7%
Japan Nikkei	53,604	-0.3%
Hang Seng	24,856	-1.9%
Euro Stoxx 50	5,566	-1.5%
UK FTSE100	9,972	-1.3%
VIX Index	27.44	8.3%

Commodities	Current	Change
CRB Index	361.91	1.5%
Gold	4407.07	-2.2%
Copper	12147	-1.4%
Oil (WTI futures)	93.17	3.2%
Coal (coking)	223.50	0.2%
Coal (thermal)	145.90	3.0%
Iron Ore	106.95	2.0%
ACCU	36.13	-4.3%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	4.10	0.00
90 day BBSY	4.34	0.00
180 day BBSY	4.79	0.01
1 year swap	4.66	0.08
2 year swap	4.75	0.11
3 year swap	4.76	0.14
4 year swap	4.73	0.12
5 year swap	4.75	0.12
6 year swap	4.78	0.11
7 year swap	4.82	0.11
8 year swap	4.86	0.11
9 year swap	4.90	0.11
10 year swap	5.16	0.12

Government Bond Yields	Close	Change
Australia		
3 year bond	4.72	0.10
10 year bond	5.01	0.05
United States		
3-month T Bill	3.62	0.00
2 year bond	3.98	0.09
10 year bond	4.41	0.08
Other (10 year yields)		
Germany	3.07	0.12
Japan	2.28	0.02
UK	4.97	0.14

Sydney Futures Exchange	Current	Change
10 yr bond	5.11	0.06
3 yr bond	4.81	0.05
3 mth bill rate	4.18	0.00
SPI 200	8,471	-1.1%

Data as at 7:45am 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

Optimism seen in financial markets earlier this week about a potential resolution between the US and Iran has faded, giving way to scepticism – reflected in rising oil prices and a broad sell-off across equities and major government bonds. The status of negotiations between the two countries remains uncertain, and currently there appears to be no common ground.

Iran has firmly rejected the US truce proposal and outlined its own conditions, indicating that the next move now lies with the US. Meanwhile, US special envoy Steve Witkoff maintains a positive stance, referencing “strong and positive messaging and talks”.

President Trump has confirmed that the US will not attack Iranian energy infrastructure for another ten days, extending his previous deadline. He also stated that talks are progressing well. In the meantime, Israel and Iran continue to exchange fire, and the US is deploying additional troops to the region.

ECB President Christine Lagarde warned that markets may be too optimistic regarding the Middle East conflict, suggesting that even if it ends quickly, the damage already done to energy infrastructure will take a long time to repair.

- Major equity markets saw significant declines, with the S&P 500 in the US dropping 1.7%. Technology stocks led the losses, while industrials and consumer discretionary sectors also experienced substantial falls. The index is now down more than 5% since the conflict started in late February and since the beginning of the year. European equities mirrored these losses, with the Euro Stoxx 50 down 1.5% and the UK's FTSE 100 down 1.3%. In Asia, the Nikkei 225 fared better, falling only 0.3% after stronger gains earlier in the week. The domestic ASX 200 slipped just 0.1%, though it is likely to catch up to the global trends today.
- In bond markets, higher oil prices pushed yields sharply higher. US Treasury yields rose by up to 11bp, with the belly of the curve experiencing the largest losses. The 10Y climbed 8bp to 4.41%, the highest since last July. Other major bonds also sold off significantly. The 10Y Bund yield rose 12bp to 3.07%, while the equivalent Gilt yield increased by 14bp, nearing the 5% mark. Domestic yields also rose – the 10Y moved back above 5%, but the steepest losses were at the short end, with the 3Y yield up 10bp. Markets are now pricing in almost three further RBA cash rate hikes this year.
- In currency markets, the DXY continued its upward trend, rising 0.3% to 99.86. The EUR, GBP and Yen depreciated by 0.1-0.2%. The AUD recorded heavy losses, falling 0.8% to 6892.
- Oil prices steadily increased throughout the day, with the Brent contract for May peaking at almost \$109. Gains

Today's key data and events

Time	Event	Exp	Prev
8:00	NZ ANZ Consumer Confidence Mar	-	100.1pts
11:01	GB Gfk Consumer Sentiment Mar	-23.5pts	-19pts
18:00	GB Retail Sales Feb	-0.7%	1.8%
-	CN Current Account Balance Q4 Final	-US\$242.1b	
1:00	US Uni. Of Michigan Sentiment Mar Final	54pts	55.5pts

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.

were pared back after President Trump announced the US would not strike Iranian energy plants for another ten days, suggesting that he is looking for ways to deescalate the situation. The Brent benchmark is now trading at \$106.6, and the May WTI contract is at \$93.2, up 3.2% and 4.2% respectively.

- After pausing for a couple of days, gold resumed its downward trend, losing 2.2%. Iron ore gained 2.0%, as reports indicated BHP and Chinese authorities are nearing a resolution over iron ore pricing mechanisms. However, bad weather in WA and potential strikes at BHP threaten to disrupt supply.

International Data

The **Kansas City Fed manufacturing survey** showed stronger sentiment, echoing the results of several other surveys, and likely reflecting increased demand as customers seek to avoid rising prices and potential supply disruptions due to the Middle East conflict. Following a notable rise in February, the headline index climbed further in March, from 5 to 11, well above the long-term average and last yr's values. The expectations index edged only slightly higher, so the improvement was largely driven by assessment of the current situation.

US initial jobless claims edged up last week from 205k to 210k, remaining near historic lows.



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