



10 April 2026

MORNING REPORT

Today's economic developments and market movements.

Key themes

There was a slight risk on tone overnight as the US and Iran prepared for peace talks in Pakistan, with the US Iran ceasefire largely holding.

Sentiment received a boost and oil retraced some of its spike after Israel announced it will hold talks with Lebanon, increasing the likelihood of a broader Middle East ceasefire.

US equities extended their rally, while the late session rally in European equities was unable to fully retrace earlier losses.

US bond yields were slightly lower across the curve, potentially reflecting softer spending and labour market partials coming out of the US. The US dollar index also retreated, with risk currencies such as the Aussie outperforming.

Oil continued to rise earlier in the session but pulled back sharply after Israel announced discussions.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	65.3	-0.5%
AUD/USD	0.7083	0.5%
AUD/JPY	112.60	0.8%
AUD/GBP	0.5272	0.2%
AUD/NZD	1.2092	-0.1%
AUD/EUR	0.6055	0.3%
AUD/CNH	4.8359	0.5%
AUD/SGD	0.9013	0.5%
AUD/HKD	5.5487	0.6%
AUD/CAD	0.9785	0.3%
EUR/USD	1.1698	0.3%
USD/JPY	158.98	0.2%
USD Index	98.80	-0.3%

Equities	Close	Change
S&P/ASX 200	8,973	0.2%
S&P 500	6,825	0.6%
Japan Nikkei	55,895	-0.7%
Hang Seng	25,752	-0.5%
Euro Stoxx 50	5,896	-0.3%
UK FTSE100	10,603	-0.1%
VIX Index	19.49	-7.4%

Commodities	Current	Change
CRB Index	368.55	0.6%
Gold	4766.89	1.0%
Copper	12682	-0.2%
Oil (WTI futures)	97.87	3.7%
Coal (coking)	229.00	-1.5%
Coal (thermal)	133.85	-0.6%
Iron Ore	103.30	-2.6%
ACCU	36.13	-4.3%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	4.11	0.00
90 day BBSY	4.37	0.00
180 day BBSY	4.83	0.00
1 year swap	4.57	-0.01
2 year swap	4.61	-0.03
3 year swap	4.59	-0.03
4 year swap	4.58	-0.02
5 year swap	4.61	-0.01
6 year swap	4.65	-0.01
7 year swap	4.70	-0.01
8 year swap	4.74	-0.01
9 year swap	4.79	-0.01
10 year swap	5.03	-0.02

Government Bond Yields	Close	Change
Australia		
3 year bond	4.60	0.05
10 year bond	4.91	0.05
United States		
3-month T Bill	3.59	-0.02
2 year bond	3.77	-0.02
10 year bond	4.28	-0.02
Other (10 year yields)		
Germany	2.99	0.04
Japan	2.39	0.02
UK	4.75	0.04

Sydney Futures Exchange	Current	Change
10 yr bond	4.95	0.01
3 yr bond	4.60	-0.02
3 mth bill rate	4.32	0.14
SPI 200	8,995	-0.1%

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

- There was a slight risk on tone overnight as the US and Iran prepared for peace talks in Pakistan, with reports suggesting Iran will allow tankers and cargo ships to pass through the Strait of Hormuz only with its military's consent. Sentiment received a late boost in the session after Israeli Prime Minister Netanyahu said he had agreed to negotiations with Lebanon.
- US equities extended their rally, more than retracing earlier market losses following the announcement that Israel will hold talks with Lebanon. Weaker-than-expected partial labour market and spending data from the US also helped push yields lower, supporting the rally. The S&P 500 and Dow Jones Industrial Average both closed around 0.6% higher, while the tech-heavy Nasdaq finished up 0.8%. The VIX declined almost 8% during the session, falling below 20pts.
- European equities ended Thursday lower, with the late-session rally unable to fully offset earlier losses. The Euro Stoxx 50 closed 0.3% lower, Germany's DAX was down 1.1%, potentially reflecting some softer than expected activity data coming out of Germany, and the FTSE 100 finished 0.1% in the red. Asian equities were also weaker, with Japan's Nikkei down 0.7% and the Hang Seng falling 0.5%. Locally, the S&P/ASX 200 edged 0.2% higher to 8,973. Futures are little changed, with the SPI 200 down 0.1%.
- Bond markets saw modest moves. In the US, Treasury yields eased, with the 2-year down 2bps to 3.77% and the 10-year also down 2bps to 4.28%, potentially reflecting the flow of US data. Interest rate futures now price no change through 2026. European yields were generally higher across the curve.
- Australian government bond yields were also little changed on futures, with the 3-year down 2bps to 4.60% and the 10-year up 1bp to 4.95%. OIS pricing suggests a terminal cash rate this year of around 4.7%, with the first full rate hike pencilled in for June and another by September.
- In FX markets, the USD weakened, with the DXY down 0.3% to 98.8. The Aussie outperformed, rising 0.5% to 0.7083 against the USD and strengthening broadly across most crosses. However, the TWI fell 0.5%, reflecting relative softness versus Asian currencies.
- Commodity markets were mixed. Oil prices ended higher, and at one-point WTI futures rose to almost US\$105/bbl, before retracing much of the spike following the announcement of Israel-Lebanon discussions.

Today's key data and events

Time	Event	Exp	Prev
0:00	US Wholesale Inventories Feb Final	-0.1%	-0.5%
11:30	CN PPI Mar	0.4%	-0.9%
11:30	CN CPI Mar	1.1%	1.3%
22:30	US CPI Mar	0.9%	0.3%
0:00	US Factory Orders Feb	-0.2%	0.1%
0:00	US Uni. Of Michigan Sentiment Apr Prel.	51.5pts	53.3pts
0:00	US Durable Goods Orders Feb Final	-	-1.4%

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.

- The price spike occurred amid reports that shipping traffic has yet to pick up through the Strait of Hormuz, with Iran stating that the strait would remain closed to most traffic until Israel ends its attacks on Hezbollah in Lebanon. WTI futures finished 3.7% higher at US\$97.87/bbl. Gold rose 1.0% to US\$4,766/oz, while the CRB index lifted 0.6%. Industrial metals were softer, with copper down 0.2%, while iron ore fell 2.6% to US\$103.30/t.

International Data

US initial jobless claims edged up last week to 219k. This is slightly above the 2026 year-to-date average of 212k.

US personal income decreased 0.1%*month*, which was the worst result since May last year. Personal spending rose by 0.5%*month* in nominal terms. However, after accounting for higher inflation, real spending increased by only 0.1%*month*. Following a flat outcome in January, this points to only minimal growth in consumer spending in Q1 to date.

The **US personal income and spending** data for February suggested that inflationary pressures were building even before the global energy price shock. The PCE deflator rose by 0.4%*month*, the strongest monthly increase in twelve months. The annual pace was unchanged at 2.8%*year*, while the three-month annualised pace increased to 3.5%.

The **US final Q4 national accounts** estimates confirmed that consumption grew by 0.5%*quarter*, or 1.9%*quarter* in annualised terms. It was one of the major contributors to the 0.5%*quarter* annualised increase in GDP that quarter, which was revised down from 0.7% previously.

After a notable increase in Q4 last year, **German industrial production** has reverted to a low-growth profile this year. The latest February data showed a 0.3%*month* decline in output, well below market expectations for a 0.7%*month* increase. Consumer durables fell 1.5%*month* and were the main source of weakness, while capital and intermediate goods recorded modest gains. Taken together, the January–February point to a 0.5% decline in production in Q1. With energy prices having surged in March, near-term growth may be even weaker.

Local Data

There was no top-tier economic data released yesterday.



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