



13 April 2026

MORNING REPORT

Today's economic developments and market movements.

Key themes

Markets finished last week on mixed footing, ahead of the much anticipated negotiations between the US and Iran. Equities rallied in Asia but were softer across Europe/US, global yields broadly rose as rate hike bets firmed, the USD fell slightly and crude oil drifted lower.

In the event, however, negotiations failed over the weekend, and an agreement was not reached over Iran's pursuit of nuclear capabilities. President Trump has since threatened an immediate blockade of "any and all ships trying to enter, or leave, the Strait of Hormuz", to preclude Iran from profiting from commercial shipping.

Early and thin FX trading this morning is showcasing a risk-off mood, with the broad-based rally in the USD in response.

Data-wise, a surge in energy prices drove a bumper gain in the US March CPI and consumer sentiment soured in response to the conflict, setting the stage for weakness extending through to Q2.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	65.6	0.5%
AUD/USD	0.6991	-0.3%
AUD/JPY	111.63	-0.1%
AUD/GBP	0.5221	-0.5%
AUD/NZD	1.2060	0.1%
AUD/EUR	0.5991	-0.5%
AUD/CNH	4.7831	-0.3%
AUD/SGD	0.8938	-0.9%
AUD/HKD	5.4817	-0.3%
AUD/CAD	0.9692	0.0%
EUR/USD	1.1673	0.2%
USD/JPY	159.65	0.2%
USD Index	98.65	-0.2%

Equities	Close	Change
S&P/ASX 200	8,961	-0.1%
S&P 500	6,817	-0.1%
Japan Nikkei	56,924	1.8%
Hang Seng	25,894	0.5%
Euro Stoxx 50	5,926	0.5%
UK FTSE100	10,601	0.0%
VIX Index	19.23	-1.3%

Commodities	Current	Change
CRB Index	369.30	0.0%
Gold	4749.75	-0.4%
Copper	12846	1.3%
Oil (WTI futures)	96.57	-1.3%
Coal (coking)	224.00	-2.2%
Coal (thermal)	129.90	-1.9%
Iron Ore	103.80	0.4%
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	4.81	-0.02
1 year swap	4.62	0.04
2 year swap	4.67	0.06
3 year swap	4.67	0.08
4 year swap	4.67	0.08
5 year swap	4.69	0.08
6 year swap	4.72	0.07
7 year swap	4.76	0.07
8 year swap	4.81	0.06
9 year swap	4.85	0.06
10 year swap	5.10	0.06

Government Bond Yields	Close	Change
Australia		
3 year bond	4.65	0.05
10 year bond	4.97	0.06
United States		
3-month T Bill	3.59	0.00
2 year bond	3.80	0.03
10 year bond	4.32	0.04
Other (10 year yields)		
Germany	3.06	0.07
Japan	2.44	0.05
UK	4.84	0.09

Sydney Futures Exchange	Current	Change
10 yr bond	5.01	0.02
3 yr bond	4.68	0.01
3 mth bill rate	4.32	0.00
SPI 200	9,056	0.8%

Data as at 7:00am AEST. 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 finished last week on mixed footing across asset classes and jurisdictions, ahead of the much anticipated negotiations between the US and Iran. In the event, however, negotiations failed and an agreement was not reached over Iran's pursuit of nuclear capabilities.

President Trump has since threatened an immediate blockade of "any and all ships trying to enter, or leave, the Strait of Hormuz", to preclude Iran from profiting from commercial shipping. Reports suggest Iran is open to further talks during the ceasefire period and safe commercial shipping, but Iran has also threatened to act against any military vessels transiting through the Strait. This follows two US Navy vessels safely passing through over the weekend, purportedly to assess if mines had been laid.

Data-wise, a surge in energy prices drove a bumper gain in the US March CPI, while core inflation ticked up slightly. The latest consumer sentiment survey definitively highlighted the dampening impact of the conflict on the consumer mood, setting the stage for weakness in household spending to extend through to Q2.

- Share markets were mixed across jurisdictions. In the US, the S&P 500 (-0.1%) and Dow Jones (-0.6%) finished the week on a softer note following a solid rally through the week on ceasefire optimism, while the NASDAQ managed to post a 0.4% gain. Stocks meanwhile gained across Europe (+0.5%) but held flat in London.
- Asian equities were generally more positive, up in Tokyo (+1.8%), Shanghai (+1.5%), Hong Kong (+0.5%) and Seoul (+1.4%), although the ASX 200 finished with a modest decline (-0.1%). Stocks are set to be challenged by the headlines of failed US-Iran negotiations at this morning's open.
- Treasuries sold-off fairly evenly across the curve following a hot result for headline inflation. The 2Y rose 3bps to 3.80% while the 10Y rose 4bps to 4.32%. Traders continue to pull-back on FOMC rate cut expectations at the margin, with a rate cut by year-end now seen at a mere 26% chance.
- Bund and Gilt yields continued to rise after dropping significantly in response to ceasefire headlines earlier last week, although yields are still lower than pre-ceasefire levels. This comes alongside a re-firming of rate hike expectations for the ECB and BoE, expected to deliver 66bps and 44bps of tightening respectively.
- ACGBs traded similarly, with yields on the 3Y and 10Y rising during local trading and that momentum carrying into futures trading overnight. Swaps markets are still confidently pricing in two more rate hikes from the RBA this year.

Today's key data and events

Time	Event	Exp	Prev
8:30	NZ BusinessNZ PSI Mar	-	48pts
-	CN M2 Money Supply Mar	8.9%	9.0%
0:00	US Existing Home Sales Mar	-0.8%	1.7%

Times are AEST. 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 USD pared back slightly on Friday, with the DXY finishing -0.2% lower at 98.65. Results were mixed across the main pairs on Friday, with the Euro and Sterling both appreciating 0.2% against the greenback amid firming expectations for rate hikes in each jurisdiction. Meanwhile, the Japanese Yen and Loonie shed -0.2% against the greenback.
- The Aussie dollar shed -0.3% against the USD on Friday, but in early trading this morning, it has gapped another -1.0% lower, currently trading around USD0.6990. The same can be said for the other DXY pairs – the resulting broad-based strengthening in the USD in early trading this morning providing an early look into the reaction to this weekend's headlines.
- Crude oil prices continued to drift lower amid the sense of tentative optimism ahead of US-Iran negotiations, seeing Brent and WTI finish -0.8% and -1.3% lower at US\$95.20/bbl and US\$96.57/bbl respectively. However, news of failed negotiations over the weekend and US President Trump's "blockade" announcement are sure to test this narrative at this morning's open.
- Metals were buoyed by somewhat positive risk sentiment against the pre-negotiation backdrop, with LME copper and aluminium rising 1.3% and 1.6% respectively. Gold meanwhile slid -0.3% to around US\$4,750/oz while iron ore rose 0.4%.

International Data

In the US, **March's CPI** was in line with expectations, jumping 0.9% in the month to be up 3.3% over the year. The detail implies the acceleration is entirely the result of the Middle East conflict, with energy prices surging 10.9% in the month. In contrast, food was flat and core prices were up just 0.2% (2.6%yr). Within the core basket, goods prices were up 0.1% and services ex-energy was up 0.2%.

April's **University of Michigan Consumer Sentiment** reading revealed a souring of confidence against the backdrop of the Middle East conflict. The headline index slumped from 53.3 to 47.6, driven by a decline across both current conditions and expectations to well below average levels, suggesting the marked deterioration in consumer demand over Q4 and Q1 likely continued into Q2.

Meanwhile, **factory orders** once again held flat in February, just like January. After excluding volatile transport and defence orders, core goods orders gained a modest 0.7%, implying limited momentum in equipment spending in the run-up to the Middle East conflict.



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