16 April 2026

MORNING REPORT

Today's economic developments and market movements.

Key themes

Markets adopted a cautiously constructive tone on reports that the US and Iran are seeking to arrange further peace talks, with indications that both sides are weighing a two-week truce extension to resolve key issues, including the reopening of the Strait of Hormuz and Iran's nuclear programme.

US equities closed at record highs, supported by improving risk sentiment, enthusiasm around artificial intelligence and solid corporate earnings. Moves across other regions were more mixed.

Bond markets retreated modestly as oil prices stabilised and risk sentiment improved, with US yields higher across the curve.

FX markets lacked clear direction, with the USD broadly steady on the session with the DXY unchanged.

Oil prices held steady as markets awaited further clarity on prospective peace talks; Brent edged 0.1% higher while WTI was little changed.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	66.1	0.6%
AUD/USD	0.7169	0.6%
AUD/JPY	114.00	0.8%
AUD/GBP	0.5286	0.7%
AUD/NZD	1.2133	0.4%
AUD/EUR	0.6076	0.6%
AUD/CNH	4.8878	0.7%
AUD/SGD	0.9114	0.6%
AUD/HKD	5.6165	0.6%
AUD/CAD	0.9849	0.4%
EUR/USD	1.1799	0.0%
USD/JPY	159.01	0.1%
USD Index	98.09	0.0%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	4.15	0.01
90 day BBSY	4.37	-0.01
180 day BBSY	4.77	-0.03
1 year swap	4.59	0.01
2 year swap	4.63	0.02
3 year swap	4.62	0.05
4 year swap	4.62	0.03
5 year swap	4.64	0.04
6 year swap	4.68	0.04
7 year swap	4.72	0.05
8 year swap	4.77	0.04
9 year swap	4.81	0.04
10 year swap	5.06	0.05

Equities	Close	Change
S&P/ASX 200	8,979	0.1%
S&P 500	7,023	0.8%
Japan Nikkei	58,134	0.4%
Hang Seng	25,947	0.3%
Euro Stoxx 50	5,940	-0.7%
UK FTSE100	10,560	-0.5%
VIX Index	18.17	-1.0%

Commodities	Current	Change
CRB Index	372.00	0.2%
Gold	4791.04	-1.0%
Copper	13248	-0.3%
Oil (WTI futures)	91.29	0.0%
Coal (coking)	226.00	0.8%
Coal (thermal)	125.45	-2.5%
Iron Ore	105.20	0.7%
ACCU	36.13	-4.3%

Government Bond Yields	Close	Change
Australia		
3 year bond	4.60	-0.02
10 year bond	4.93	-0.02
United States		
3-month T Bill	3.61	0.01
2 year bond	3.76	0.02
10 year bond	4.28	0.04
Other (10 year yields)		
Germany	3.04	0.02
Japan	2.42	0.00
UK	4.81	0.03

Sydney Futures Exchange	Current	Change
10 yr bond	4.99	0.03
3 yr bond	4.65	0.03
3 mth bill rate	4.32	0.00
SPI 200	9,018	0.0%

Data as at 7:15am 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 adopted a cautiously constructive tone overnight on reports that the US and Iran are seeking to arrange further peace talks in the coming days. News that both sides are reportedly weighing a two week truce extension to resolve key sticking points - including the reopening of the Strait of Hormuz and the future of Iran's nuclear programme - was taken by investors as a tentative signal of easing tensions. This tentative risk on shift came despite the ongoing US naval blockade of the Strait of Hormuz, with reports that the first west bound oil tanker bound for Iraq has transited the Strait without incident.

Elsewhere, President Trump threatened to remove Federal Reserve Chair Jerome Powell if he does not step down at the end of his term in May. Powell stated that, should his successor not be confirmed in time, he would continue to serve as chair pro tempore.

Domestically, concerns around energy supply increased after a fire reportedly broke out at Viva Energy's Geelong refinery late last night. Fire crews were called to the site around 11pm, with the blaze said to have originated in the "mogas" section of the plant, which produces motor gasoline products.

- Equities were mixed across regions. In the US, optimism around potential progress in Middle East diplomacy, ongoing enthusiasm for artificial intelligence and solid corporate earnings supported further gains, with both the S&P 500 and NASDAQ 100 closing at record highs. The S&P 500 rose 0.8% to 7,023, while the NASDAQ gained 1.6% to 24,016. In contrast, the Dow Jones underperformed, slipping -0.2%.
- European equities moved lower amid disappointing earnings from several regional heavyweights, with the Euro Stoxx 50 down -0.7% and the FTSE 100 falling -0.5%. Asian equities were stronger on hopes of easing US Iran tensions, led by Korea's KOSPI, which gained 2.1%. The Nikkei 225 and Hang Seng posted more modest gains of 0.4% and 0.3%, respectively. Locally, the ASX 200 faded from a strong open to finish just 0.1% higher.
- Bond markets retreated as oil prices stabilised and risk sentiment improved. Moves were more pronounced at the long end of the curve, with the US 2 year yield rising 2bps and the 10 year yield up 4bps. Futures pricing for the terminal Fed funds rate was little changed, implying a 36% probability of an additional rate cut by year end.
- Domestic bonds tracked the previous day's move higher in Treasuries, with both 3 year and 10 year yields down 2bps on the session. Swaps pricing continues to imply around two rate hikes by the end of the year.

Today's key data and events

Time	Event	Exp	Prev
11:30	AU Employment Mar	20k	48.9k
11:30	AU Unemployment Rate Mar	4.3%	4.3%
12:00	CN GDP Q1	4.8%	4.5%
12:00	CN Retail Sales YoY YTD Mar	2.5%	2.8%
12:00	CN Industrial Production YoY YTD Mar	5.8%	6.3%
12:00	CN Fixed Asset Investment YoY YTD Mar	1.9%	1.8%
16:00	GB Trade Balance Feb	-£1300b	£3922b
22:30	US Initial Jobless Claims 11/04/2026	212.5k	219k
22:30	US Phily Fed Apr	10pts	18.1pts

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.

- FX markets lacked a clear directional impulse, with the DXY little changed on the day. The Australian dollar outperformed, rising 0.6% to 0.7169, while the euro was broadly steady.
- Commodity markets were mixed. Oil prices remained in a holding pattern as markets awaited further clarity on prospective peace talks, with Brent up 0.1% on the day and WTI little changed. Ongoing uncertainty in the Middle East saw US oil exports surge to a record high last week of nearly 13mb/d, as buyers sought alternative supply. Gold fell -1.0% on news of a possible ceasefire extension, copper slipped -0.3%, while iron ore gained 0.7%.

International Data

The **April Federal Reserve Beige Book** reports US economic activity grew at "a slight to modest pace in eight of the twelve" districts since the last update. Two districts reported no change and two districts "slight to modest declines". The Middle East conflict is a source of material uncertainty, and many respondents are taking a wait-and-see approach. Overall, "employment was steady to up slightly during this reporting period", with new hiring mostly for replacement. Price growth was characterised as "moderate" overall, though input costs generally "outpaced selling price growth", compressing margins.

The **FOMC's Bowman, Musalem and Hammack** were cautious on inflation and sanguine regarding the labour market overnight.

The **US' Empire manufacturing survey** jumped from -0.2 to 11.0 in April.

US import prices rose 0.8% in March after a downwardly revised 0.9% gain in February. Ex petroleum, prices were up just 0.1% in the month.

The **US NAHB housing market index** fell from 38 to 34 in April, 33% below the average of the past 5 years.

Local Data

There was no top-tier economic data released yesterday.

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