



20 April 2026

MORNING REPORT

Today's economic developments and market movements.

Key themes

Risk assets were buoyed by growing expectations of a US–Iran peace deal ahead of the ceasefire’s expiry later this week. However, weekend developments may temper this optimism, with Iran refusing to return to negotiations until the US lifts its blockade, even as the US President signalled openness to further talks.

Key equity markets across the US and Europe rallied on Friday, while futures point to a strong start locally market.

Oil prices fell sharply, declining more than 11%, helping to trigger a rally in global bond markets. Bond yields fell across the curve in the US and Europe, and locally, bond yields were also lower on futures.

The US dollar index edged lower, marking its third consecutive weekly decline. The Aussie advanced to 0.7174 against the US dollar index (+0.2%) and was up against most major currencies.

Oil prices declined sharply, gold edged higher, while iron ore remained around US\$105 a tonne.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	66.4	-0.2%
AUD/USD	0.7174	0.2%
AUD/JPY	113.83	-0.1%
AUD/GBP	0.5306	0.2%
AUD/NZD	1.2200	0.4%
AUD/EUR	0.6094	0.3%
AUD/CNH	4.8870	0.0%
AUD/SGD	0.9103	-0.1%
AUD/HKD	5.6161	0.2%
AUD/CAD	0.9825	0.1%
EUR/USD	1.1765	-0.1%
USD/JPY	158.64	-0.3%
USD Index	98.10	-0.1%

Equities	Close	Change
S&P/ASX 200	8,947	-0.1%
S&P 500	7,126	1.2%
Japan Nikkei	58,476	-1.8%
Hang Seng	26,160	-0.9%
Euro Stoxx 50	6,058	2.1%
UK FTSE100	10,668	0.7%
VIX Index	17.48	-2.6%

Commodities	Current	Change
CRB Index	362.78	0.0%
Gold	4830.34	0.8%
Copper	13347	0.6%
Oil (WTI futures)	83.85	-11.4%
Coal (coking)	227.00	0.4%
Coal (thermal)	127.45	-2.3%
Iron Ore	104.90	-0.9%
ACCU	36.13	-4.3%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	4.16	0.02
90 day BBSY	4.38	0.01
180 day BBSY	4.79	0.03
1 year swap	4.56	-0.05
2 year swap	4.57	-0.08
3 year swap	4.56	-0.08
4 year swap	4.56	-0.08
5 year swap	4.58	-0.09
6 year swap	4.62	-0.09
7 year swap	4.67	-0.09
8 year swap	4.71	-0.09
9 year swap	4.76	-0.09
10 year swap	5.01	-0.08

Government Bond Yields	Close	Change
Australia		
3 year bond	4.66	0.03
10 year bond	4.99	0.04
United States		
3-month T Bill	3.60	-0.02
2 year bond	3.71	-0.07
10 year bond	4.25	-0.06
Other (10 year yields)		
Germany	2.96	-0.07
Japan	2.42	0.01
UK	4.76	-0.08

Sydney Futures Exchange	Current	Change
10 yr bond	4.94	-0.08
3 yr bond	4.58	-0.09
3 mth bill rate	4.32	0.00
SPI 200	9,056	0.9%

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 risk on tone to end the week, amid growing expectations of a US–Iran peace deal ahead of the ceasefire's expiry later this week. Bloomberg reported that President Trump said Iran had agreed to suspend its nuclear program indefinitely and that a deal to end the conflict was largely complete. Iran also announced the reopening of the Strait of Hormuz for the remainder of the ceasefire period, stating that the strait was “completely open” to commercial traffic.
- However, weekend developments are likely to take some gloss off this optimism, with Iran stating it will not attend further negotiations until the US lifts its blockade, while the US President said he remains open to more talks.
- On the back of this, key US equity indices jumped on Friday, with the S&P 500 and the Nasdaq Composite reaching all time highs. The S&P 500 rose 1.2% on the day, ending the week 4.5% higher. The Dow Jones Industrial Average gained 1.8%, finishing the week up 3.2%, while the Nasdaq rose 1.5% on Friday to end the week 6.8% higher. Volatility also eased, with the VIX down 2.6% to 17.5 points.
- European markets also performed well, notching a fourth consecutive weekly gain as optimism grew around a more permanent end to the conflict in the Middle East. The Euro Stoxx 50 rose 2.1%, the FTSE 100 gained 0.7%, and Germany's DAX closed 2.3% higher. In contrast, Asian equities lagged, led by a 1.8% decline in the Nikkei and a 0.9% fall in the Hang Seng. Locally, the S&P/ASX 200 slipped 0.1% to 8,947, though futures point to a stronger open, with the SPI 200 up 0.9%.
- Bond markets generally rallied across the US and Europe. US yields fell across the curve, with the 2 year yield down 7bps to 3.71% and the 10 year yield down 6bps to 4.25%, reinforcing the market's view that policy rates are likely to remain on hold for an extended period. This move was supported by the sharp fall in oil prices. Interest rate futures now price no change through 2026 and a single 25bp cut over calendar 2027.
- European yields were also lower across the curve, with 10 year bond yields down 7bps in Germany and 8bps in the UK, while Japanese yields were broadly unchanged.
- Australian government bond yields followed the US lead, with 3 year bond yields down 9bps on futures to 4.58% and 10 year yields down 8bps to 4.94%. OIS pricing suggests

Today's key data and events

Time	Event	Exp	Prev
8:45	NZ Trade Balance Mar	-	-NZ\$257m
9:01	GB Rightmove House Prices Apr	-	0.8%
22:30	CA CPI Mar	1.1%	0.5%
22:30	CA CPI Mar	2.6%	1.8%

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.

a terminal cash rate this year of around 4.60%, with the first full rate hike pencilled in for August and another by December. Traders have priced around 18bps of tightening at the RBA Board's May meeting.

- In FX markets, the USD softened marginally, with the DXY down 0.1% to 98.10 and down 0.6% over the week. The US dollar index has now declined for three consecutive weeks. The AUD was broadly stronger against most majors, rising to 0.7174 against the USD (+0.2%) and outperforming notably against the NZD (+0.4%) and EUR (+0.3%). Gains were more limited against Asian currencies, leaving the TWI down 0.2% overall.
- Commodity markets were dominated by an abrupt collapse in oil prices. WTI futures fell sharply by 11.4% to US\$83.85/bbl, unwinding some of the existing geopolitical risk premium, though prices remain around 45% higher year to date. The move delivered a strong disinflationary impulse, helping to support longer dated global bond prices. In contrast, gold rose 0.8% amid lower yields, while copper increased 0.6%, suggesting little deterioration in global growth sentiment. Bulk commodities were softer, with iron ore down 0.9%.

International Data

NZ retail spending, as measured by electronic card payments, increased 0.7% m/m in March. Unsurprisingly, with petrol prices surging almost 19% during the month, spending on fuel increased over 17%. Core spending, which excludes spending on fuel and vehicles, fell a modest 0.1% m/m ([see here](#)).

The Euro Area trade balance for January was revised up EUR12.1bn to EUR12.8bn, but then narrowed to EUR7.0bn in February. Exports gained 0.9% in February as imports surged 3.5%.

Local Data

The Westpac-DataX Card Tracker Index declined 2.2pts over the three weeks to April 11, reflecting a mix of factors including the fuel excise tax cut, some easing in the pull-forward of fuel purchases and a continued moderation in non-fuel segments ([see here](#)).

Westpac Now points to moderating growth even before the RBA's rate hikes took effect on the economy, with recent confidence weakness not yet feeding through to activity but posing a growing downside risk ([see here](#)).



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