



4 May 2026

# MORNING REPORT

Today's economic developments and market movements.

## Key themes

There was a modest risk-on tone to end the week after reports emerged that Iran had delivered a new proposal to the US, signalling progress in behind-the-scenes diplomacy aimed at ending the conflict. This saw oil prices fall 3.0%.

US equity markets finished higher, with the S&P 500 recording its fifth consecutive weekly gain. European markets were mostly closed, while Asian markets were mixed. Locally, the S&P/ASX 200 rose 0.7% on the day, trimming but not fully offsetting its weekly losses.

Bond markets saw only modest moves, while the US dollar firmed slightly during the session.

Locally, attention now turns to the RBA Board meeting this week. OIS pricing continues to imply a terminal cash rate of around 4.75% through 2026, with around 19bps of tightening priced for this week's Board meeting.

## Data snapshot

FX Last 24 hrs	Current	Change
TWI	66.7	0.6%
AUD/USD	0.7202	0.0%
AUD/JPY	113.03	0.2%
AUD/GBP	0.5311	0.3%
AUD/NZD	1.2209	0.2%
AUD/EUR	0.6145	0.1%
AUD/CNH	4.9200	0.0%
AUD/SGD	0.9169	0.0%
AUD/HKD	5.6439	0.1%
AUD/CAD	0.9781	0.0%
EUR/USD	1.1721	-0.1%
USD/JPY	157.01	0.3%
USD Index	98.16	0.1%

Equities	Close	Change
S&P/ASX 200	8,730	0.7%
S&P 500	7,230	0.3%
Japan Nikkei	59,513	0.4%
Hang Seng	25,777	-1.3%
Euro Stoxx 50	5,882	0.0%
UK FTSE100	10,364	-0.1%
VIX Index	16.99	0.6%

Commodities	Current	Change
CRB Index	393.40	0.0%
Gold	4614.21	-0.1%
Copper	12996	0.1%
Oil (WTI futures)	101.94	-3.0%
Coal (coking)	237.00	0.7%
Coal (thermal)	138.50	-0.4%
Iron Ore	107.90	0.2%
ACCU	36.13	-4.3%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	4.25	-0.01
90 day BBSY	4.42	0.00
180 day BBSY	4.80	-0.02
1 year swap	4.66	-0.01
2 year swap	4.70	-0.01
3 year swap	4.68	0.00
4 year swap	4.67	0.00
5 year swap	4.69	-0.01
6 year swap	4.73	0.00
7 year swap	4.77	-0.01
8 year swap	4.81	-0.01
9 year swap	4.85	-0.01
10 year swap	5.09	-0.01

Government Bond Yields	Close	Change
<b>Australia</b>		
3 year bond	4.71	-0.05
10 year bond	5.02	-0.04
<b>United States</b>		
3-month T Bill	3.57	-0.01
2 year bond	3.88	0.01
10 year bond	4.37	0.00
<b>Other (10 year yields)</b>		
Germany	3.04	0.00
Japan	2.52	-0.01
UK	4.96	-0.05

Sydney Futures Exchange	Current	Change
10 yr bond	5.03	-0.02
3 yr bond	4.71	-0.02
3 mth bill rate	4.15	0.01
SPI 200	8,727	-0.3%

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

- There was a modest risk on tone to end the week after reports emerged that Iran had delivered a new proposal to the US, signalling progress in behind the scenes diplomacy aimed at ending the conflict. President Trump said Tehran wants to strike a deal, though he is not yet “satisfied”, adding he would “prefer not” to take military action.
- This backdrop, combined with solid US corporate earnings and signs of economic resilience, lifted US equities and kept markets near record highs. The S&P 500 rose 0.3% on the day, taking weekly gains to almost 1% and marking a fifth consecutive week of advances. The tech heavy Nasdaq outperformed, buoyed by a strong outlook from Apple, rising 0.9% on the day and 1.1% over the week. The Dow Jones lagged, slipping 0.3% on the session but still up around 0.6% over the week. Implied volatility edged higher, with the VIX up 0.6% to 17 points.
- European markets were closed for the May Day holiday, except for the FTSE 100 which edged 0.1% lower in thin trade. Asian markets were mixed, with Japan’s Nikkei up 0.4% while the Hang Seng fell 1.3%. Locally, the S&P/ASX 200 rose 0.7% on the day but still finished the week 0.7% lower, while SPI futures point to a weaker start today, down 0.3%.
- Bond markets saw only modest moves. In the US, the 2 year Treasury yield edged up 1bp to 3.88%, while the 10 year yield was unchanged at 4.37%. Interest rate futures continue to price no policy changes through 2026. European yields were mixed, with Germany’s 10 year steady at 3.04% and UK yields down 5bps to 4.96%.
- Australian government bond futures were also little changed. Three year futures yields fell 2bps to 4.71%, while 10 year yields also declined 2bps to 5.03%. OIS pricing continues to imply a terminal cash rate of around 4.75% through 2026 (equivalent to roughly two and a half additional hikes) with around 19bps of tightening priced for this week’s RBA Board meeting.
- In FX markets, the US dollar firmed modestly, with the DXY up 0.1% to 98.16. The Australian dollar was little changed against the USD at 0.7202, but outperformed modestly against the yen, pound and New Zealand dollar, lifting the trade weighted index by 0.6%.
- Commodity markets were mixed. Oil prices fell further, with WTI futures down 3.0% to US\$101.94/bbl. Gold eased 0.1% to US\$4,614/oz, while copper edged higher. Bulk commodities were broadly flat, with iron ore up 0.2% to US\$107.90/t. Coal prices were mixed, while ACCUs fell sharply by 4.3%.

## Today’s key data and events

Time	Event	Exp	Prev
11:00	AU MI Inflation Gauge Apr	-	4.3%
11:30	AU ANZ Job Ads Apr	-	-3.1%
11:30	AU Dwelling Approvals Mar	-10.0%	29.7%
18:00	EZ HCOB Manufacturing PMI Apr Final	52.2pts	52.2pts
18:30	EZ Sentix Investor Confidence May	-22pts	-19.2pts
0:00	US Factory Orders Mar	0.5%	0.0%
0:00	US Durable Goods Orders Mar Final	0.8%	0.8%

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.

## International Data

The **US ISM manufacturing index** was unchanged at 52.7 in April, just above the 51.1 average of the past six months. New orders improved at the margin, but production and employment deteriorated. All of these components are currently around the average of the past six months.

## Local Data

The **Cotality home value index** rose 0.2% in April - the weakest monthly outcome since January 2025 - following revised gains of 0.4%*mth* in March and 0.5%*mth* in February. Annual growth eased to 9.1%*yr*. The April update points to early signs of weakness linked to tighter monetary policy and a more uncertain global backdrop. The slowdown remains most pronounced in Sydney and Melbourne, where price declines have persisted and turnover has fallen sharply ([see here](#)).

**Private sector credit growth** surprised to the upside in March, ticking up to 0.7%*mth*. Year-ended growth also rose, exceeding 8.0% for the first time since late 2022. Housing credit growth remained steady, recording a seventh 0.6%*mth* increase in the past eight months. Both owner-occupier and investor credit continued to follow recent trends, with the latter category maintaining a faster pace. Business credit was little changed, with the 0.8%*mth* increase remaining a key driver of overall growth ([see here](#)).



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