



14 May 2026

# MORNING REPORT

Today's economic developments and market movements.

## Key themes

Market sentiment was generally positive, with limited Middle East developments allowing oil prices to pull back as attention shifted to President Trump's visit to China and expected discussions with President Xi. Elsewhere, Kevin Warsh was confirmed as Fed Chair in the narrowest Senate vote on record.

Equity markets posted broad gains, with US stocks rising to fresh highs and strength extending across Europe and Asia, while the ASX 200 underperformed.

Bond markets were little changed despite stronger US PPI data.

The USD strengthened as the AUD appreciated broadly across all major currencies.

Oil prices pulled back as Middle East tensions stabilised, though dated Brent remained elevated. Gold declined on rising rate expectations while base metals and iron ore posted gains.

## Data snapshot

FX Last 24 hrs	Current	Change
TWI	67.1	0.1%
AUD/USD	0.7258	0.2%
AUD/JPY	114.57	0.4%
AUD/GBP	0.5368	0.4%
AUD/NZD	1.2226	0.5%
AUD/EUR	0.6196	0.5%
AUD/CNH	4.9262	0.2%
AUD/SGD	0.9238	0.3%
AUD/HKD	5.6839	0.3%
AUD/CAD	0.9947	0.3%
EUR/USD	1.1711	-0.2%
USD/JPY	157.86	0.1%
USD Index	98.48	0.2%

Equities	Close	Change
S&P/ASX 200	8,630	-0.5%
S&P 500	7,444	0.6%
Japan Nikkei	63,272	0.8%
Hang Seng	26,388	0.2%
Euro Stoxx 50	5,861	0.9%
UK FTSE100	10,325	0.6%
VIX Index	17.87	-0.7%

Commodities	Current	Change
CRB Index	404.39	-0.1%
Gold	4688.76	-0.6%
Copper	14153	0.9%
Oil (WTI futures)	100.81	-1.3%
Coal (coking)	237.00	-0.4%
Coal (thermal)	136.65	-0.8%
Iron Ore	110.65	0.8%
ACCU	36.13	-4.3%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	4.35	0.01
90 day BBSY	4.50	0.01
180 day BBSY	4.86	0.03
1 year swap	4.71	-0.02
2 year swap	4.73	-0.03
3 year swap	4.71	-0.03
4 year swap	4.71	-0.02
5 year swap	4.73	-0.02
6 year swap	4.77	-0.02
7 year swap	4.81	-0.01
8 year swap	4.86	-0.01
9 year swap	4.90	-0.01
10 year swap	5.14	-0.02

Government Bond Yields	Close	Change
<b>Australia</b>		
3 year bond	4.72	0.00
10 year bond	5.06	0.03
<b>United States</b>		
3-month T Bill	3.59	-0.01
2 year bond	3.98	-0.01
10 year bond	4.47	0.01

Other (10 year yields)		
Germany	3.10	0.00
Japan	2.59	0.03
UK	5.07	-0.04

Sydney Futures Exchange	Current	Change
10 yr bond	5.08	-0.01
3 yr bond	4.72	0.00
3 mth bill rate	4.54	0.00
SPI 200	8,636	-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

Market sentiment was generally positive overnight, with limited developments out of the Middle East leading to a pull back in oil prices after a three day rally. Attention has shifted to President Trump's visit to China alongside US industry leaders, with discussions with President Xi expected to cover the conflict in the Middle East, tariffs and Taiwan.

Elsewhere, Kevin Warsh was confirmed as Fed Chair in a 54-45 Senate vote, the narrowest margin in the role's history.

- Equity markets posted broad gains. In the US, sentiment was supported by a flurry of CEOs joining President Trump's Beijing visit, with the S&P 500 rising 0.6%, the NASDAQ 100 outperforming with a 1.2% gain, and the Dow Jones modestly lower, down -0.1%. European equities also advanced, with the Euro Stoxx 50 up 0.9% and the FTSE 100 gaining 0.6%.
- Asian markets were generally firm, with Korea's KOSPI up 2.6% and the Nikkei 225 rising 0.8%, while the Hang Seng posted a modest 0.2% gain. Locally, the ASX 200 underperformed, falling -0.5% as investors weighed the implications of Australia's budget announcements.
- US bond yields were little changed despite stronger than expected PPI data, with the 2 year yield down 1bp and the 10 year yield gaining 1bp. Futures pricing for the terminal Fed funds rate implies around a 39% probability of a rate hike by year end. Elsewhere, the 10 year Gilt yield fell 4bps.
- Australian government bonds saw modest moves, with the front end unchanged and the 10 year yield rising 3bps. Swap markets continue to price at least one additional rate hike this year, with the implied terminal cash rate at 4.75%.
- FX markets saw further USD strength following an upside surprise in PPI, with the DXY up 0.2% on the session. The euro declined -0.2%, while the sterling and yen both fell -0.1%. The Australian dollar gained against the USD, rising 0.2% to 0.7258.
- Commodity markets saw mixed moves. The recent rally in oil paused amid limited new headlines from the Middle East, with Brent down -1.9% to US\$106/bbl and WTI falling -1.3% to US\$101/bbl. Dated Brent remains elevated at US\$111/bbl. Gold declined -0.6% as stronger PPI and core CPI prints out of the US lifted rate expectations, while copper and aluminium rose 0.9% and 2.5% respectively, with aluminium reaching its highest level since March 2022 at \$3,652/t as global supply tightens. Iron ore posted a gain of 0.8%.

## Today's key data and events

Time	Event	Exp	Prev
8:45	NZ Net Migration Mar	-	3970k
16:00	GB GDP Q1 Prel.	0.6%	0.1%
16:00	GB Trade Balance Mar	-£2000b	-£720b
22:30	US Import Price Index Apr	1.0%	0.8%
22:30	US Initial Jobless Claims 9/05/2026	205k	200k
22:30	US Retail Sales Apr	0.5%	1.7%
0:00	US Business Inventories Mar	0.8%	0.4%

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

**US producer prices** surprised to the upside in April, rising 1.4% after an upwardly revised 0.7% increase in March. Ex food and energy, prices are up 1.0% in April following a 0.2% increase in March. Over the year, producer prices are 6.0% higher, 5.2% ex food and energy.

Overnight, **Kevin Warsh** has been confirmed by the US Senate as the next Federal Reserve Chair. The 54-45 vote was the narrowest confirmation margin ever for a head of the central bank. **Kashkari** meanwhile noted inflation is too high, and Collins said interest rates should remain on hold for "some time". **Collins** also expressed that she can foresee a scenario requiring policy tightening: "More than five years of above-target inflation has reduced my patience for 'looking through' another supply shock".

**Euro Area GDP** rose 0.1% in Q1 and 0.8% over the year, according to the second estimate, unchanged from the flash estimate. **Industrial production** rose 0.2% in March, leaving activity 2.1% lower than a year ago.

## Domestic Data

In Australia, the Wage Price Index rose 0.8%qtr in Q1 2026, with private sector wage growth continuing to moderate and public sector wages easing after stronger gains last year (see [here](#)).

Q1 dwelling finance approvals fell 3.8%qtr, the largest decline in three years, driven by lower volumes (see [here](#)).



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