



15 May 2026

# MORNING REPORT

Today's economic developments and market movements.

## Key themes

Market sentiment was generally positive, with limited Middle East developments shifting focus to President Trump's meeting with President Xi in Beijing.

Equity markets rose across regions, with US stocks reaching fresh highs – the S&P 500 breaching 7,500 – and gains extending to Europe and the ASX 200, while moves in Asia were more mixed.

Bond markets saw a modest flattening in US yields, while Australian yields declined across the curve.

The USD strengthened on solid US data, with the AUD retracing the week's gains and most major currencies weakening against the greenback.

Oil prices edged higher but remained subdued, as gold, copper and iron ore declined.

## Data snapshot

FX Last 24 hrs	Current	Change	AUS Interest Rate Swaps	Last	Change
TWI	67.3	0.3%	30 day BBSY	4.36	0.00
AUD/USD	0.7221	-0.5%	90 day BBSY	4.49	-0.01
AUD/JPY	114.34	-0.2%	180 day BBSY	4.83	-0.03
AUD/GBP	0.5389	0.4%	1 year swap	4.69	-0.02
AUD/NZD	1.2217	-0.1%	2 year swap	4.70	-0.03
AUD/EUR	0.6189	-0.1%	3 year swap	4.68	-0.02
AUD/CNH	4.9004	-0.5%	4 year swap	4.65	-0.06
AUD/SGD	0.9209	-0.2%	5 year swap	4.67	-0.06
AUD/HKD	5.6561	-0.5%	6 year swap	4.70	-0.06
AUD/CAD	0.9909	-0.4%	7 year swap	4.75	-0.07
EUR/USD	1.1668	-0.4%	8 year swap	4.79	-0.07
USD/JPY	158.36	0.3%	9 year swap	4.83	-0.06
USD Index	98.88	0.4%	10 year swap	5.11	-0.03
Equities	Close	Change	Government Bond Yields	Close	Change
S&P/ASX 200	8,641	0.1%	<b>Australia</b>		
S&P 500	7,501	0.8%	3 year bond	4.68	-0.04
Japan Nikkei	62,654	-1.0%	10 year bond	5.02	-0.04
Hang Seng	26,389	0.0%	<b>United States</b>		
Euro Stoxx 50	5,935	1.3%	3-month T Bill	3.59	-0.01
UK FTSE100	10,373	0.5%	2 year bond	4.02	0.04
VIX Index	17.26	-3.4%	10 year bond	4.48	0.01
Commodities	Current	Change	<b>Other (10 year yields)</b>		
CRB Index	400.28	-1.0%	Germany	3.04	-0.06
Gold	4651.98	-0.8%	Japan	2.63	0.04
Copper	13938	-1.5%	UK	4.99	-0.07
Oil (WTI futures)	101.17	0.1%	<b>Sydney Futures Exchange</b>	<b>Current</b>	<b>Change</b>
Coal (coking)	239.67	1.1%	10 yr bond	5.04	-0.01
Coal (thermal)	135.95	-0.5%	3 yr bond	4.69	0.00
Iron Ore	110.35	-0.5%	3 mth bill rate	4.53	0.01
ACCU	36.13	-4.3%	SPI 200	8,720	0.6%

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

Market sentiment was generally positive overnight, with limited headlines driving moves. President Trump and President Xi met in Beijing, with Trump stating US–China ties would be “better than ever”, while Xi emphasised partnership over rivalry but warned of risks surrounding Taiwan.

- Equity markets were broadly higher. In the US, ongoing AI optimism alongside solid retail sales saw the S&P 500 top 7,500, rising 0.8% on the day. The NASDAQ gained 0.9%, while the Dow Jones rose 0.8%. European equities also advanced, with the Euro Stoxx 50 up 1.3% and the FTSE 100 gaining 0.5%.
- Asian markets were mixed, with Korea’s KOSPI leading gains, up 1.8%, while the Hang Seng was flat. The Nikkei 225 fell -1.0% amid higher bond yields and weaker earnings. Locally, the ASX 200 reversed its recent trend, posting a modest 0.1% gain.
- US bond markets saw a modest flattening of the curve, with the 2 year yield rising 4bps and the 10 year yield up 1bp. Futures pricing for the terminal Fed funds rate now implies around a 50% probability of a rate hike by year end. Elsewhere, the 10 year Gilt yield fell 7bps amid rising political uncertainty, following the resignation of the UK Health Secretary.
- Australian government bond yields declined for the first time in five sessions, with both the 3 year and 10 year yields down 4bps. Swap markets continue to price one additional rate hike this year, with the implied terminal cash rate at 4.69%.
- FX markets saw further USD strength, with the DXY up 0.4% on solid US retail sales data. The euro and yen declined -0.4% and -0.3% respectively, while the sterling fell -0.9% amid political uncertainty. The Australian dollar retraced recent gains, falling -0.5% to 0.7221, and also eased against the euro and yen.
- Commodity markets were relatively subdued, with Middle East developments taking a back seat as US–China discussions came into focus. Brent rose 0.7% to US\$106/bbl, while WTI was little changed, up 0.1% to US\$101/bbl, with Dated Brent at US\$110/bbl. Gold fell -0.8% as stronger US data lifted rate expectations, while copper declined -1.5% as purchases in China slowed. Iron ore fell -0.5%.

## Today’s key data and events

Time	Event	Exp	Prev
8:30	NZ Manufacturing PMI Apr	-	53.2pts
8:45	NZ Food Price Index Apr	-	-0.6%
22:30	US Fed Empire State May	7.2pts	11pts
-	CN Current Account Balance Q1 Prel.	-	US\$243.8b

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 retail sales** grew 0.5% in April on a headline and control group basis as expected. **Business inventories** meanwhile rose 0.9% in March, also in line with the consensus estimate.

**US initial jobless claims** edged higher last week to 211k, remaining near the lower bound of the measure’s historic range.

**Import prices** grew 1.9% in April, the upside surprise largely due to energy prices -- the ex petroleum measure only rose 0.7%. Import prices are 4.2% higher than a year ago. As the US is an energy product exporter, export prices have also strengthened of late, up 3.3% in April and 8.8% over the year.

**FOMC member Schmid** said that the fundamentals of the US economy are sound, but inflation is still too high: “I see continued inflation as the most pressing risk to the economy... Geopolitical developments continue to create uncertainty... Unemployment remains relatively low by historical standards, and the labour market is functioning effectively — albeit in an unusual low-hire/low-fire environment”.



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