



26 May 2026

MORNING REPORT

Today's economic developments and market movements.

Key themes

In markets which continued to operate, there was a risk on tone as negotiations for an interim deal to extend the ceasefire and reopen the Strait of Hormuz were "proceeding nicely," according to the US President.

Markets were closed in the US, UK, and parts of Europe. However, US equity futures moved higher, and equities rallied across Europe and Asia. The Nikkei gained around 3.0% to a record close.

On bond markets, European sovereign debt rallied, with the yield curve shifting around 10bps lower across the curve.

The US dollar softened, retreating against all of its G10 peers, with the DXY down 0.2% to 98.99. The Aussie strengthened, rising 0.6% to 0.7173 against the USD, and was broadly higher across crosses.

West Texas Intermediate crude fell sharply, down 6.5% to US\$90.30/bbl, following the US President's comments.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	66.6	0.2%
AUD/USD	0.7173	0.6%
AUD/JPY	113.98	0.5%
AUD/GBP	0.5313	0.2%
AUD/NZD	1.2221	0.3%
AUD/EUR	0.6162	0.3%
AUD/CNH	4.8664	0.5%
AUD/SGD	0.9160	0.4%
AUD/HKD	5.6194	0.6%
AUD/CAD	0.9900	0.6%
EUR/USD	1.1642	0.4%
USD/JPY	158.91	-0.2%
USD Index	98.99	-0.2%

Equities	Close	Change
S&P/ASX 200	8,692	0.4%
S&P 500	7,473	0.4%
Japan Nikkei	65,158	2.9%
Hang Seng	25,606	0.9%
Euro Stoxx 50	6,137	1.9%
UK FTSE100	10,466	0.2%
VIX Index	16.59	-0.7%

Commodities	Current	Change
CRB Index	392.67	0.1%
Gold	4570.50	1.4%
Copper	13668	1.1%
Oil (WTI futures)	90.30	-6.5%
Coal (coking)	247.00	4.7%
Coal (thermal)	139.85	0.0%
Iron Ore	106.40	0.5%
ACCU	36.13	-4.3%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	4.36	0.00
90 day BBSY	4.49	0.01
180 day BBSY	4.79	-0.01
1 year swap	4.60	-0.03
2 year swap	4.57	-0.03
3 year swap	4.53	-0.04
4 year swap	4.51	-0.05
5 year swap	4.53	-0.05
6 year swap	4.57	-0.05
7 year swap	4.62	-0.05
8 year swap	4.66	-0.05
9 year swap	4.71	-0.06
10 year swap	4.75	-0.06

Government Bond Yields	Close	Change
Australia		
3 year bond	4.52	-0.02
10 year bond	4.88	-0.04
United States		
3-month T Bill	3.58	-0.01
2 year bond	4.12	0.04
10 year bond	4.56	-0.01
Other (10 year yields)		
Germany	2.95	-0.09
Japan	2.70	-0.06
UK	4.90	-0.07

Sydney Futures Exchange	Current	Change
10 yr bond	4.89	-0.01
3 yr bond	4.52	-0.01
3 mth bill rate	4.47	0.00
SPI 200	8,735	0.3%

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

- In markets which continued to operate, there was a risk on tone following the US President's post stating that negotiations with Iran over an interim deal to extend their ceasefire and reopen Hormuz were "proceeding nicely." In addition, Pakistan's military chief, Asim Munir, the main intermediary between the warring sides, told China an agreement is "close to being reached."
- While the US and Iran closed in on a deal, President Trump said he won't "rush" into an agreement and that "It will only be a Great Deal for all or no Deal at all and back to the battlefield and shooting, but bigger and stronger than ever before... and nobody wants that!"
- Monday was a public holiday in the US (Memorial Day), UK (Spring Bank Holiday), and many European countries (Whit Monday). Despite this, we saw futures contracts on the S&P 500 and the Dow Jones Industrial Average both climbing around 1.0%, while those on the Nasdaq 100 were up around 1.5%. In addition, stock indexes in Asia and Europe jumped, with the Nikkei gaining around 3.0% for a record close.
- The Euro Stoxx 50 rose 1.9%, while Germany's DAX gained 1.5%. Asian markets were higher, with Japan's Nikkei up 2.9% and the Hang Seng up 0.9%. Locally, the S&P/ASX 200 rose 0.4%, while SPI futures point to a stronger start today, up 0.3%.
- European sovereign debt rallied, with the yield curve shifting around 10bps lower across the curve. Germany's 10 year yield fell 9bps to 2.95%, the 10 year yield in France declined 11bps to 3.56%, and Italy's fell 12bps to 3.65%.
- US interest rate futures continue to price no policy changes through 2026, with a hike priced in for mid 2027. Australian government bond yields were lower on futures, with the 3 year bond yield down 1bp to 4.52% and the 10 year bond also down 1bp to 4.89%. OIS pricing has an implied terminal cash rate of around 4.58% through 2026 (almost one more rate hike).

Today's key data and events

Time	Event	Exp	Prev
22:30	US Chicago Fed Activity Index Apr	0pts	-0.2pts
23:00	US FHFA House Prices Mar	0.1%	0.0%
23:00	US S&P/Cs Home Price Index Mar	-0.1%	0.0%
0:00	US Consumer Confidence May	92pts	92.8pts
0:30	US Dallas Fed Manufacturing Activity May	0pts	-2.3pts

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.

- In FX markets, the US dollar softened, retreating against all of its G10 peers, with the DXY down 0.2% to 98.99. The Australian dollar strengthened, rising 0.6% to 0.7173 against the USD, and was broadly higher across crosses, including gains against the CAD (+0.6%), HKD (+0.6%), CNH (+0.5%), SGD (+0.4%), and JPY (+0.5%). The trade weighted index rose 0.2% to 66.6.
- Commodity markets were mixed. West Texas Intermediate crude fell sharply, down 6.5% to US\$90.30/bbl, amid signs the US and Iran were progressing toward an agreement to reopen the Strait of Hormuz. Gold increased 1.4% and copper gained 1.1%. Bulk commodities were firmer, with iron ore up 0.5% to US\$106.40 per tonne, coking coal up 4.7%, and thermal coal flat. ACCU prices fell sharply by 4.3%.

International Data

There was no top tier economic data to report.

Monday was a public holiday in the US (Memorial Day), UK (Spring Bank Holiday) and many European countries (Whit Monday).

Local Data

There was no top tier economic data to report.



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