



29 May 2026

# MORNING REPORT

Today's economic developments and market movements.

## Key themes

Asset prices initially retreated and oil rose as markets reacted to reports that the US and Iran had exchanged fire.

Those moves later reversed after newswires reported that the two countries were close to an agreement to extend the ceasefire by sixty days and reopen the Strait of Hormuz.

Equity markets reacted positively, with the S&P500 hitting fresh all-time highs. Government bond yields initially surged but later fell back, maintaining the downward trend seen over the past week or so.

The July Brent contract initially climbed to \$98.0 before easing to below \$94, and the WTI followed a similar pattern.

## Data snapshot

FX Last 24 hrs	Current	Change
TWI	66.3	-0.5%
AUD/USD	0.7164	0.3%
AUD/JPY	114.06	0.1%
AUD/GBP	0.5329	0.2%
AUD/NZD	1.2081	-0.3%
AUD/EUR	0.6149	0.1%
AUD/CNH	4.8521	0.2%
AUD/SGD	0.9143	0.2%
AUD/HKD	5.6109	0.3%
AUD/CAD	0.9870	-0.1%
EUR/USD	1.1651	0.2%
USD/JPY	159.21	-0.2%
USD Index	99.01	-0.2%

Equities	Close	Change
S&P/ASX 200	8,593	-1.4%
S&P 500	7,564	0.6%
Japan Nikkei	64,693	-0.5%
Hang Seng	25,006	-1.3%
Euro Stoxx 50	6,055	-0.3%
UK FTSE100	10,426	-0.8%
VIX Index	15.74	-3.4%

Commodities	Current	Change
CRB Index	384.61	0.9%
Gold	4495.62	0.9%
Copper	13702	1.3%
Oil (WTI futures)	88.74	0.1%
Coal (coking)	243.00	1.0%
Coal (thermal)	142.00	-0.6%
Iron Ore	105.25	0.1%
ACCU	36.13	-4.3%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	4.35	-0.02
90 day BBSY	4.49	-0.01
180 day BBSY	4.85	0.01
1 year swap	4.59	-0.01
2 year swap	4.54	-0.02
3 year swap	4.49	-0.04
4 year swap	4.48	-0.05
5 year swap	4.50	-0.06
6 year swap	4.54	-0.06
7 year swap	4.59	-0.06
8 year swap	4.64	-0.06
9 year swap	4.68	-0.06
10 year swap	4.73	-0.06

Government Bond Yields	Close	Change
<b>Australia</b>		
3 year bond	4.53	0.03
10 year bond	4.90	0.04
<b>United States</b>		
3-month T Bill	3.59	0.00
2 year bond	4.02	-0.01
10 year bond	4.45	-0.04
<b>Other (10 year yields)</b>		
Germany	2.96	-0.03
Japan	2.70	0.00
UK	4.81	-0.04

Sydney Futures Exchange	Current	Change
10 yr bond	4.86	-0.05
3 yr bond	4.50	-0.03
3 mth bill rate	4.49	0.01
SPI 200	8,680	0.7%

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

The mood in financial markets continues to swing sharply from day to day, largely reflecting the volatile news flow around negotiations between the US and Iran. In the latest trading session, asset prices initially retreated and oil rose as markets reacted to reports that the US and Iran had exchanged fire. While US officials insisted their actions were purely defensive, Iran claimed it had retaliated by striking a US military base.

Those moves later reversed after newswires reported that the two countries were close to an agreement to extend the ceasefire by sixty days and reopen the Strait of Hormuz. Although the full details of the agreement have yet to be confirmed, US Treasury Secretary Scott Bessent indicated that President Trump, who has not yet approved the new agreement, continues to hold to his red lines – reopening the strait, Iran surrendering its highly enriched uranium, and ending its nuclear programme.

- Equity markets reacted positively to the latest news on a possible US-Iran deal. The S&P500 rose 0.6%, hitting fresh all-time highs, with tech stocks and healthcare leading the gains. Elsewhere, the Euro Stoxx 50 ended the day 0.3% in the red, with a rally in defence stocks helping to pare losses. The FTSE100 in the UK fell 0.8%, breaking a two-week streak of daily gains. Asian stocks were trading mostly in the red, while the domestic ASX200 posted a loss of 1.4% despite reports of surging business CAPEX spending in Australia.
- In bond markets, yields initially surged but later fell back, maintaining the downward trend seen over the past week or so. The US 10Y moved from 4.48% to a peak of 4.53% before dropping to 4.45%. The decline on the day at the short end of the curve was smaller, at about 1bp. Other major government bonds saw similar moves. The 10Y Gilt and Bund yields were four and three basis points lower, respectively. Aussie yields moved higher, with the 10Y up 4bp to 4.90%, but futures are pointing to a pullback at today's market open.
- In FX markets, the DXY was 0.2% lower at 99.0, while other major currencies posted modest gains. The EUR and yen were both 0.2% stronger, while GBP gained 0.1%. The AUD outperformed, rising 0.3%.
- In commodity markets, the July Brent contract initially climbed to \$98.0 before easing to below \$94 on the back of optimism about a US-Iran deal. The WTI August contract followed a similar pattern, settling at \$88.74, little changed from the prior day. Among other commodities, gold and copper gained 1.0% and 1.3%, respectively, reversing losses from the previous couple of days.

## Today's key data and events

Time	Event	Exp	Prev
8:00	NZ ANZ Consumer Confidence May	-	80.3pts
9:30	JP Tokyo May	1.6%	1.5%
9:30	JP Job-to-Applicant Apr	120.0%	120.0%
9:50	JP Industrial Production Apr Prel.	-0.6%	-0.4%
11:00	NZ ANZ Business Confidence May	-	-10.6pts
11:30	AU Private Sector Credit Apr	0.6%	0.7%
23:45	US Chicago PMI May	50.2pts	49.2pts

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 GDP** was revised down from 2.0%qtr annualised to 1.6%qtr in the second estimate for Q1 2026. Personal consumption growth was edged down to 1.4%qtr, a pace well below trend. Investment was also modestly weaker.

**US personal spending** met expectations in April, rising 0.5%moth. Real personal spending was up just 0.1% in the month, with the price index gaining 0.4%moth and 3.8%yr. On a core basis, prices grew 0.2%moth and 3.3%yr. Pointing to downside risks for spending hence, nominal personal income was flat in April as wages grew a modest 0.2%moth.

**US durable goods orders** surprised to the upside, rising 7.9%moth in April. Ex defence and aircraft, however, core orders fell 1.1%moth. Looking through the month-to-month volatility, the pulse of equipment investment in the US is modest and skewed towards AI-related infrastructure.

**US new home sales** fell 6.2%moth in April after March's gain was revised down from 7.4%moth to 3.4%moth. Housing activity is under pressure from elevated mortgage rates and uncertainty over the economic outlook and cost of living.

**Euro area economic confidence** was little changed in May at 93.5, a sub-par outcome relative to the past five year's average. Consumer confidence was also below average in the month.

## Local Data

**Australia's household spending** fell -1.1%moth in April, unwinding most of the spike from March. This leaves the annual pace slightly above February's read, at 4.9%yr ([see here](#)).

**Private capex** surprised on the upside, rising 6.5%qtr and 14.6%yr in the March quarter 2026. Machinery and equipment led the jump, driven by a 196%qtr surge in information and telecommunications, while buildings and structures were weaker ([see here](#)).

In New Zealand, **Budget 2026** showed an earlier return to surplus and lower borrowing requirements with the near-term impacts of the Iran war offset by a tax-rich growth outlook from 2027/28 ([see here](#)).



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