10 September 2026

MORNING REPORT

Today's economic developments and market movements.

Key themes

Tensions continued to escalate between the US and Iran overnight as strikes were exchanged on military assets throughout in the region. The absence of discussions and Iran's claims of being ready for a more intense war continues to concern markets.

Brent jumped 3.8% overnight, rising above the US$101/bbl level, nearing US$102/bbl. Stocks sold off across the US and Europe against this weaker risk backdrop, with Asian stocks likely to follow this price action weaker this morning.

US Treasury announced that it will purchase up to $6bn of longer-dated government debt in its bond buyback program. The target size fell short of some analysts' estimates, adding to selling pressures already in place due to surging oil prices.

The 10-year Treasury yield rose 5bps to another fresh cycle high, while the 10-year Bund and Gilt yields are at their highest since 2011 and 2007, respectively.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	66.4	0.2%
AUD/USD	0.7220	0.0%
AUD/JPY	110.89	-0.3%
AUD/GBP	0.5328	0.0%
AUD/NZD	1.2369	0.2%
AUD/EUR	0.6205	0.0%
AUD/CNH	4.8420	0.0%
AUD/SGD	0.9129	0.0%
AUD/HKD	5.6618	0.0%
AUD/CAD	0.9967	0.2%
EUR/USD	1.1637	0.1%
USD/JPY	153.58	-0.3%
USD Index	98.79	0.0%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	4.42	0.02
90 day BBSY	4.67	0.01
180 day BBSY	5.02	0.01
1 year swap	4.84	0.05
2 year swap	4.86	0.07
3 year swap	4.85	0.07
4 year swap	4.86	0.08
5 year swap	4.89	0.08
6 year swap	4.93	0.08
7 year swap	4.97	0.07
8 year swap	5.02	0.07
9 year swap	5.06	0.07
10 year swap	5.10	0.06

Equities	Close	Change
S&P/ASX 200	8,911	-0.1%
S&P 500	7,636	-0.5%
Japan Nikkei	65,143	-0.2%
Hang Seng	25,275	-0.2%
Euro Stoxx 50	6,312	-1.6%
UK FTSE100	10,670	-1.3%
VIX Index	16.46	4.7%

Government Bond Yields	Close	Change
Australia		
3 year bond	4.82	0.04
10 year bond	5.21	0.02
United States		
3-month T Bill	3.80	0.02
2 year bond	4.43	0.04
10 year bond	4.84	0.05
Other (10 year yields)		
Germany	3.44	0.08
Japan	2.89	-0.01
UK	5.26	0.09

Commodities	Current	Change
CRB Index	423.11	0.8%
Gold	4398.65	1.0%
Copper	14768	0.4%
Oil (WTI futures)	96.05	3.2%
Coal (coking)	274.00	-0.7%
Coal (thermal)	151.10	0.0%
Iron Ore	99.00	-1.5%
ACCU	36.13	-4.3%

Sydney Futures Exchange	Current	Change
10 yr bond	5.27	0.06
3 yr bond	4.88	0.06
3 mth bill rate	4.63	0.01
SPI 200	8,816	-1.0%

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

Tensions continued to escalate between the US and Iran overnight after Iran attempted to strike a US Navy warship, to which the US retaliated by striking five Iranian energy tankers, to which Iran responded by targeting US airbases in the region, alongside Navy and commercial ships. Iran have since stated that they are ready for a more intense war and are ready to escalate further. These developments, together with the absence of discussions between the US and Iran and open-ended delays in the formalisation of an agreement between Iran and Oman regarding management of the Strait of Hormuz, continue to concern market participants.

- Share markets were mostly in the red as surging oil prices once again weakened risk sentiment. The S&P 500 (–0.5%), Dow Jones (–0.8%) and NASDAQ (–0.6%) all continued to extend recent losses. Stocks were hit harder in Europe, as a –1.6% fall in the Euro Stoxx 50 more than wiped out a recent run of modest gains. London's FTSE 100 also dropped –1.3%.
- Moves across Asian share markets were modest but are likely to weaken further today given the price action overnight. Tokyo and Hong Kong will be coming off small declines yesterday, both down –0.2%, while Shanghai gained 0.3%. The ASX 200 edged –0.1% lower yesterday, but futures markets are clearly pointing to a weaker open this morning.
- Treasuries extended its losses overnight after the US Treasury announced that it will purchase up to $6bn of longer-dated government debt in its bond buyback program. The target size fell short of some analysts' estimates, adding to the selling pressures already in place due to growing inflation concerns amid surging oil prices.
- The 2Y and 10Y treasury yields rose 4bps and 5bps to 4.43% and 4.84% respectively, the latter rising to another fresh cycle high. Pricing for the Fed remains little-changed, with a rate hike next week seen at a 60% chance, though at least two rate hikes are fully priced in by early 2027.
- Global yields followed the US higher, with the 10Y Bund up 8bps to its highest yield since 2011, while the 10Y gilt rose 9bps to its highest yield since 2007. Aussie government yields also rose strongly overnight, futures yields on the 3Y and 10Y both up 6bps. Market pricing for an RBA rate hike September has inched closer to a 70% chance, with a November move fully priced in.
- The USD was broadly unchanged overnight, the DXY index steady at around 98.8, though there were some offsetting moves in the crosses. The Yen appreciated 0.3% versus the greenback, continuing to firm after Monday's rally. The Euro also eked out a 0.1% gain, but these moves were offset by losses for the CAD, SEK and CHF, leaving the index flat. The Aussie dollar held steady at north of USD0.72.

Today's key data and events

Time	Event	Exp	Prev
11:00	AU MI Inflation Expectations	–	4.9%
22:15	EZ ECB Policy Decision (Deposit Rate)	2.25%	2.50%
22:30	US Initial Jobless Claims 5/09/2026	205k	206k
22:30	US PPI Aug	0.4%	0.0%
0:00	US Existing Home Sales Aug	-1.6%	-1.7%
0:00	US Wholesale Inventories Jul Final	1.3%	1.3%

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.

- Crude oil prices surged overnight as tensions between the US and Iran continued to escalate, with few signs of any let-up near-term strikes are exchanged on military and other shipping assets in the region. Brent and WTI rose 3.8% and 3.2% to US$96.1/bbl and US$101.7/bbl respectively.
- Metals generally moved higher, with LME copper rising 0.4% to US$14,768/mt, another fresh record high as physical supply tightens and uncertainty around the US' plans for tariffs persist. Gold managed to rise 1.0% to around the US$4,400/oz mark, with the higher global yield backdrop capping the extent of gains.

International Data

In China, the **CPI** was in line with expectations for August, rising from 0.5%yr to 0.8%yr, while the measure excluding food and energy ticked slightly higher from 0.9%yr to 1.0%yr. The **PPI** meanwhile surprise to the upside, lifting from 3.5%yr to 3.8%yr. Overall, the lift in producer prices is still relatively contained, and evidence of material pass-through to consumers remains fairly limited at this stage.

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