23 September 2026

MORNING REPORT

Today's economic developments and market movements.

Key themes

Mixed US–Iran headlines left markets with a sense of déjà vu overnight, with President Trump's threat to "annihilate" Iran offset by reports of "very productive" official talks and leaving the broader assessment of geopolitical risks little changed.

Share markets were mixed but retained a modestly positive tech tilt, with the NASDAQ up 0.5%, the S&P 500 flat and Asian bourses generally firmer, including a 0.3% gain for the ASX 200.

Treasury yields were little changed after earlier gains unwound, the 2Y and 10Y closing around 1bp higher, while markets continue to see a slightly better-than-even chance of another FOMC hike in October.

Brent slipped 1.9% to US$98.5/bbl as tentative diplomatic progress weighed on crude, while copper extended its rally on firmer Chinese demand and tight supply, the USD edged higher and the Aussie held broadly steady near USD0.71.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	65.9	-0.2%
AUD/USD	0.7117	0.0%
AUD/JPY	112.02	0.0%
AUD/GBP	0.5333	0.1%
AUD/NZD	1.2426	-0.3%
AUD/EUR	0.6216	0.1%
AUD/CNH	4.7670	0.0%
AUD/SGD	0.9073	-0.1%
AUD/HKD	5.5826	-0.1%
AUD/CAD	1.0006	0.2%
EUR/USD	1.1449	-0.1%
USD/JPY	157.39	0.0%
USD Index	100.54	0.1%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	4.52	0.00
90 day BBSY	4.78	0.00
180 day BBSY	5.15	0.00
1 year swap	4.94	-0.01
2 year swap	4.99	0.01
3 year swap	4.97	0.01
4 year swap	4.98	0.03
5 year swap	4.99	0.02
6 year swap	5.02	0.02
7 year swap	5.05	0.02
8 year swap	5.09	0.02
9 year swap	5.12	0.02
10 year swap	5.15	0.02

Equities	Close	Change
S&P/ASX 200	8,758	0.3%
S&P 500	7,765	0.0%
Japan Nikkei	65,019	1.4%
Hang Seng	25,088	0.2%
Euro Stoxx 50	6,325	0.1%
UK FTSE100	10,708	-0.3%
VIX Index	14.21	-4.4%

Government Bond Yields	Close	Change
Australia		
3 year bond	4.99	0.02
10 year bond	5.30	0.02
United States		
3-month T Bill	4.00	-0.01
2 year bond	4.75	0.01
10 year bond	4.96	0.01
Other (10 year yields)		
Germany	3.46	0.00
Japan	2.99	0.00
UK	5.24	0.03

Commodities	Current	Change
CRB Index	418.70	-0.1%
Gold	4361.96	0.4%
Copper	14748	0.6%
Oil (WTI futures)	94.59	-1.2%
Coal (coking)	265.00	0.8%
Coal (thermal)	144.00	1.2%
Iron Ore	96.60	-1.0%
ACCU	36.13	-4.3%

Sydney Futures Exchange	Current	Change
10 yr bond	5.30	-0.02
3 yr bond	5.00	-0.01
3 mth bill rate	4.63	0.00
SPI 200	8,822	0.2%

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

Mixed headlines coming out of the Middle East left markets with a sense of déjà vu. President Trump threatened to "annihilate" Iran in a speech to the UN, but later, also hailed "very productive" discussions between US envoys and Iranian officials, marking the first official talks between the two nations in some time. But to the extent that oil prices were already trending slightly lower prior to these headlines and risk assets were mixed, it appears as though broader market sentiment on the balance of risks on the US–Iran conflict has not swayed significantly.

- Share markets were somewhat mixed. Earlier momentum in tech stocks remain a positive, as evinced by further gains in the NASDAQ (+0.5%), but headlines coming out of the Middle East do not seem to have buoyed risk sentiment much either, with the S&P 500 flat, the Euro Stoxx 50 eking out a 0.1% gain, while the FTSE 100 dropped –0.4%.
- Asian share markets largely followed on from earlier momentum in tech stocks, with gains across Tokyo (+1.4%), Hong Kong (+0.2%), Shanghai (+0.1%) and Seoul (+0.1%). The ASX 200 advanced 0.3%, also driven by an outsized gain in tech stocks. Futures markets are pointing to a positive open this morning.
- Treasury yields were little changed, with earlier gains unwound as oil prices edged slightly higher from its lows. The 2Y yield finished 1bp higher at 4.75%, with the latest auction seeing investors demand the highest yield since 2024. The 10Y reversed some of yesterday's gain, seeing yields edge 1bp to 4.96%. Markets continue to see a slightly greater than 50% chance of a follow-up FOMC rate hike in October.
- Bunds and JGBs were broadly steady at the 10Y mark, while 10Y Gilt yields lifted 3bps. ACGBs were little changed during local trading, though yields did edge slightly lower during futures trading overnight. Overall, swaps markets continue to price in an 86% chance of an RBA rate hike in September, with a follow-up fully priced in by February 2027.
- The USD had a somewhat volatile session, as the DXY probed above 100.6 a couple times before finishing around 0.1% higher at 100.5. Moves were fairly modest across the main pairs: the Yen holding flat, a small decline for the Euro (–0.1%), while the Sterling and Loonie fell –0.2%. The Aussie dollar was broadly stable, notwithstanding a couple of dips below USD0.71 as markets reacted to headlines.
- Crude oil prices were choppy overnight. President Trump hailed a "very productive" meeting between US envoys and Iranian officials, and while this ultimately supported an ongoing gentle downtrend in oil prices, price action remains fairly shaky as markets wrestle with a sense of déjà vu with respect to apparent progress on the US–Iran conflict. Brent oil finished 1.9% lower at US$98.5/bbl.

Today's key data and events

Time	Event	Exp	Prev
18:00	EZ S&P Global Manufacturing PMI Sep Prel.	52.6pts	52.7pts
18:00	EZ S&P Global Services PMI Sep Prel.	51.4pts	51.6pts
18:30	GB S&P Manufacturing PMI Sep Prel.	51.5pts	51.7pts
18:30	GB S&P Services PMI Sep Prel.	52pts	52.5pts
23:45	US S&P Manufacturing PMI Sep Prel.	53.6pts	53.9pts
23:45	US S&P Services PMI Sep Prel.	55.8pts	56.5pts

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.

- Copper prices have continued to rally amid a backdrop of strengthening seasonal demand in China, tightening on-market supply and lingering uncertainty around US tariffs. LME copper finished 0.6% higher at US$14,748/mt. Gold prices pared back its losses over the session, following a similar pattern to oil prices, ultimately finishing 0.4% higher at around US$4,362/oz.

International Data

In the US, the **Richmond Fed manufacturing index** fell from 4 to –2 in September, extending a downtrend that has emerged from mid-year, although the current read is still marginally above the average of the past 5 years.

In Europe, **consumer confidence** edged lower in the September preliminary reading to –16.5, remaining broadly in line with the 5-year average.

Local Data

In New Zealand, the Q3 **Westpac-McDermott Miller Employment Confidence Index** rose by 3.2pts to 86.3, only partly reversing some of the previous quarters fall, leaving the index around its lowest level in over 20 years (see here). Our New Zealand team also published a preview to the **pre-election and economic fiscal update**,due to be handed down on 29 September (see here).

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