24 September 2026

MORNING REPORT

Today's economic developments and market movements.

Key themes

Rising oil prices, higher global bond yields and hawkish comments from Fed Governor Barr weighed on global sentiment overnight.

Global equities came under pressure, with US and European markets leading declines.

US Treasury yields surged on rising oil prices, robust PMI data and weak demand at a five-year Treasury auction, with the 10-year yield moving back above 5.0%. Australian government bond yields moved lower ahead of today's labour market report.

The US dollar strengthened on firmer market Fed tightening expectations, with the AUD losing its 71 handle against the greenback.

Oil prices rebounded sharply as comments from Iranian President Pezeshkian tempered optimism around reopening the Strait, while US officials indicated the administration was working with refiners to voluntarily curb diesel exports.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	65.8	-0.2%
AUD/USD	0.7039	-1.1%
AUD/JPY	111.44	-0.5%
AUD/GBP	0.5317	-0.3%
AUD/NZD	1.2404	-0.1%
AUD/EUR	0.6184	-0.5%
AUD/CNH	4.7241	-0.9%
AUD/SGD	0.9012	-0.7%
AUD/HKD	5.5215	-1.1%
AUD/CAD	0.9926	-0.8%
EUR/USD	1.1382	-0.6%
USD/JPY	158.32	0.6%
USD Index	101.14	0.5%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	4.52	0.00
90 day BBSY	4.77	-0.01
180 day BBSY	5.15	0.00
1 year swap	4.98	0.04
2 year swap	5.07	0.07
3 year swap	5.08	0.10
4 year swap	5.07	0.09
5 year swap	5.08	0.09
6 year swap	5.11	0.09
7 year swap	5.14	0.09
8 year swap	5.17	0.09
9 year swap	5.21	0.09
10 year swap	5.24	0.08

Equities	Close	Change
S&P/ASX 200	8,765	0.1%
S&P 500	7,706	-0.8%
Japan Nikkei	65,019	1.4%
Hang Seng	24,834	-1.0%
Euro Stoxx 50	6,300	-0.4%
UK FTSE100	10,705	0.0%
VIX Index	15.18	6.8%

Government Bond Yields	Close	Change
Australia		
3 year bond	4.94	-0.06
10 year bond	5.25	-0.05
United States		
3-month T Bill	4.03	0.02
2 year bond	4.90	0.14
10 year bond	5.11	0.15
Other (10 year yields)		
Germany	3.56	0.09
Japan	2.99	0.00
UK	5.35	0.11

Commodities	Current	Change
CRB Index	419.74	0.2%
Gold	4287.62	-1.7%
Copper	14618	-0.9%
Oil (WTI futures)	92.75	2.5%
Coal (coking)	264.00	-0.4%
Coal (thermal)	142.70	-0.9%
Iron Ore	96.05	-0.3%
ACCU	36.13	-4.3%

Sydney Futures Exchange	Current	Change
10 yr bond	5.41	0.14
3 yr bond	5.10	0.15
3 mth bill rate	4.63	0.00
SPI 200	8,708	-1.2%

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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Today's key data and events

Time	Event	Exp	Prev
10:30	JP S&P Global Mfg. PMI Sep Prel.	-	54.9pts
10:30	JP S&P Global Services PMI Sep Prel.	-	52.5pts
11:30	AU Employment Aug	20k	-15.8k
11:30	AU Unemployment Rate Aug	4.5%	4.5%
22:30	US Initial Jobless Claims 19/09/2026	200k	196k
-	US Building Permits Aug Final	-	-2.7%
0:00	US New Home Sales Aug	1.3%	-10.5%

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.

Financial Markets

Global sentiment soured overnight as a sharp rise in Treasury yields weighed on markets. Higher yields followed a renewed surge in oil prices, with Brent moving back above US$100/bbl. Iranian President Pezeshkian emphasised that while Iran remains willing to resume talks with the US, it would not reopen the waterway while sanctions and the US blockade remain in place, nor relinquish its right to develop nuclear technology for economic development. Energy market concerns were further heightened by reports that the White House was preparing a 90-day diesel export ban. While the administration later denied the reports, officials indicated they were working with refiners to voluntarily curb exports.

Stronger-than-expected US manufacturing and services PMI data added to upward pressure on yields. Governor Barr's comments also supported, noting "In my base case, further policy adjustments are likely to be needed to ensure inflation comes down to target in a timely fashion" with risks skewed to the upside. Markets will have further developments to digest today, with Presidents Trump and Xi set to meet, although expectations for a breakthrough on key areas of disagreement remain low.

- US equities came under pressure as higher oil prices and rising bond yields weighed on sentiment. The S&P 500 declined 0.8%, while the NASDAQ fell 1.1% and the Dow Jones lost 0.7%. European equities were also weaker, with the Euro Stoxx 50 down 0.4%, while the FTSE 100 was unchanged.
- Asian markets were mixed. Japanese markets remained closed, while the KOSPI rose for a fourth consecutive session, gaining 0.9% on strength in semiconductor stocks. The Hang Seng fell 1.0%, while the ASX 200 edged 0.1% higher.
- A confluence of factors drove US Treasury yields sharply higher. Rising oil prices fuelled inflation concerns, while stronger-than-expected US manufacturing and services data added further upward pressure. Combined with soft demand at a five-year Treasury auction, the 2-year yield rose 14bps and the 10-year yield gained 15bps, moving back above 5.0%. Futures markets price the probability of an October hike at just under 70%, while a December move remains fully priced, taking the implied year-end fed funds rate to 4.25%.
- Australian government bond yields moved lower, with the 3-year yield falling 6bps and the 10-year yield down 5bps. Attention is likely to turn to today's labour market report for further direction. Swap markets continue to price the probability of a September rate hike at around 86%, while a move in November remains fully priced, taking the implied year-end cash rate to 4.81%.
- Robust US business surveys and firmer expectations for additional Fed tightening supported the US dollar, with the DXY rising 0.5%. The AUD fell 1.1% to 0.7039, losing its 71 handle. The sterling declined 0.8% against the greenback, while the euro and yen both fell 0.6%.
- Oil prices snapped their recent pullback as comments from Iranian President Pezeshkian tempered optimism surrounding plans to restore capacity at Saudi Arabia's East-West pipeline and earlier comments from President Trump regarding productive discussions between US and Iranian officials. Brent rose 4.2% to US$103/bbl, while WTI gained 2.5% to US$92.8/bbl. Dated Brent continued to trade at a sizeable premium at US$120/bbl. President Trump also indicated he had encouraged advisers to support a ban on US diesel exports as refined fuel prices continued to rise. However, Energy Secretary Chris Wright stopped short of endorsing an outright ban, instead suggesting the administration was working with refiners to voluntarily curb exports.
- Gold declined 1.7% as higher yields and renewed Fed tightening expectations weighed on sentiment. Copper fell 0.9% on inflation concerns, while persistently elevated coking coal prices continued to pressure steelmaker margins, contributing to a 0.3% decline in iron ore.

International Data

The **US S&P Global manufacturing PMI** jumped from 53.9 to 57.0 in the preliminary reading for September as the services PMI rose to 58.7. **In Europe**, the S&P Global manufacturing PMI was unchanged at 52.7, while the services PMI lifted to 53.0. The **UK S&P Global PMI**s were also little changed, the manufacturing measure printing at 52.0 and the services index 51.7.

Local Data

We released our updated **state fiscal outlook**, with higher borrowing costs, NDIS funding changes and a sharper-than-expected housing downturn weighing on state finances, partly offset by stronger consumer spending and firmer economic activity (see here).

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