29 September 2026

MORNING REPORT

Today's economic developments and market movements.

Key themes

Markets remained focused on developments in the US-Iran conflict, with bond yields ending higher despite a volatile flow of headlines through the session.

US equities came under pressure from higher yields particularly in rate sensitive areas. Meanwhile European markets were little changed and Asian equities were mostly weaker led by falls in the tech sector.

Attention shifts to today’s RBA decision, with markets and economists overwhelmingly expecting a further increase in the cash rate. Focus will centre on the Governor’s commentary for any near-term guidance.

Currency market moves were relatively modest, with the US dollar edging higher and the Australian dollar slightly weaker.

Oil prices finished higher after paring an earlier surge. Other commodities moved lower.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	65.2	0.0%
AUD/USD	0.7020	-0.1%
AUD/JPY	110.48	0.0%
AUD/GBP	0.5294	-0.1%
AUD/NZD	1.2386	-0.1%
AUD/EUR	0.6176	0.1%
AUD/CNH	4.7113	-0.2%
AUD/SGD	0.8966	-0.1%
AUD/HKD	5.5072	-0.1%
AUD/CAD	0.9947	0.1%
EUR/USD	1.1368	-0.2%
USD/JPY	157.40	0.1%
USD Index	101.20	0.2%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	4.57	0.02
90 day BBSY	4.82	0.01
180 day BBSY	5.18	0.01
1 year swap	4.98	0.04
2 year swap	5.04	0.05
3 year swap	5.05	0.05
4 year swap	5.06	0.05
5 year swap	5.09	0.04
6 year swap	5.13	0.05
7 year swap	5.18	0.05
8 year swap	5.22	0.04
9 year swap	5.26	0.04
10 year swap	5.30	0.04

Equities	Close	Change
S&P/ASX 200	8,680	0.2%
S&P 500	7,684	-0.8%
Japan Nikkei	65,878	-0.7%
Hang Seng	24,643	0.5%
Euro Stoxx 50	6,301	0.0%
UK FTSE100	10,685	-0.1%
VIX Index	16.07	8.1%

Government Bond Yields	Close	Change
Australia		
3 year bond	5.04	0.03
10 year bond	5.42	0.05
United States		
3-month T Bill	4.05	-0.03
2 year bond	4.93	0.08
10 year bond	5.24	0.08
Other (10 year yields)		
Germany	3.64	0.04
Japan	3.10	0.02
UK	5.42	0.06

Commodities	Current	Change
CRB Index	414.23	-1.0%
Gold	4131.44	-3.9%
Copper	14413	-1.4%
Oil (WTI futures)	93.30	1.0%
Coal (coking)	266.50	0.6%
Coal (thermal)	146.00	1.6%
Iron Ore	94.75	-0.5%
ACCU	36.13	-4.3%

Sydney Futures Exchange	Current	Change
10 yr bond	5.46	0.02
3 yr bond	5.07	0.01
3 mth bill rate	4.63	0.00
SPI 200	8,721	0.0%

Data as at 7:05am AEST. Change is from the previous trading day (excluding the SFE, which is the change during the night session). Source: Bloomberg.

Neha Sharma
Economist, Westpac Group
P: +61 422 030 322
E: neha.sharma1@westpac.com.au

Financial Markets

Markets initially reacted to stalled US-Iran talks over the weekend, with the bond selloff deepening as concerns about the inflationary impact of a prolonged conflict weighed on sentiment. This saw the 10-year Treasury yield touch a 19-year high. This tempered after Saudi Arabia restored around half the flows through its cross-country pipeline and reports emerged that Trump is prepared to ease sanctions on Iran and release frozen assets in exchange for progress on nuclear issues.

Domestically, all eyes today are on the RBA, with the central bank widely expected to raise the cash rate by 25bps to 4.60%, the highest level since November 2011. Markets will be firmly focused on the Governor's commentary for any signal on the likelihood of back-to-back hikes.

- US equities came under pressure, led by rate sensitive parts of the market, as Treasury yields rose sharply, unwinding much of the previous week's gains. The S&P 500 fell 0.8%, while the Dow Jones declined 0.7% and the Nasdaq lost 0.9%. European markets were little changed, with the Euro Stoxx 50 broadly flat and the FTSE 100 losing 0.1%.
- Asian equities mostly traded lower to begin the week, with tech stocks leading the declines. Trading resumed in Korea following the Chuseok holiday, with the Kospi falling 2.7%, its largest decline in two weeks. Elsewhere, Nikkei 225 lost 0.7% and the CSI 300 extended its recent weakness, falling 2.2%. The Hang Seng gained 0.5%, while the ASX 200 rose 0.2% supported by strength in financials.
- Markets navigated a volatile stream of headlines on the US-Iran conflict but US Treasury yields ultimately finished the session higher. Both the 2-year and the 10-year Treasury yield rose 8bps. The rise also followed hawkish commentary from Fed officials. Futures markets are pricing a 70% probability of an October hike, while a December move remains fully priced, taking the implied year-end fed funds rate to 4.26%. Elsewhere, 10-year Bund and gilt yields rose 4bps and 6bps, respectively.
- In line with moves in global markets, Australian government bond yields ended higher, with the 3-year and 10-year yields up 3bps and 5bps respectively. However, futures pricing points to a reversal of these moves at open. Focus now shifts to today's RBA policy decision. While swaps markets are assigning a 93% chance of a hike, Bloomberg's economist survey points to even stronger conviction, with all 43 respondents expecting the RBA to raise rates.
- Moves in currency markets were largely modest. The US dollar gained, with the DXY up 0.2%. The AUD fell 0.1% to 0.7020, with the euro also losing 0.2%. The yen posted a 0.1% lift against the USD.
- Oil prices ended higher but pared earlier gains, with Brent crude rising 1.0% to US$106/bbl after reaching an intraday high of nearly US$109/bbl. WTI also gained 1.0% to US$93.3/bbl. Other commodities moved lower on the day owing to higher yields and a stronger US dollar, led by a 3.9% decline in gold, with copper and iron ore 1.4% and 0.5% lower respectively.

Today's key data and events

Time	Event	Exp	Prev
14:30	AU RBA Policy Decision 29/09/2026	4.6%	4.4%
18:30	GB Net Mortgage Lending Aug	£4.4b	£4.3b
19:00	EZ Economic Confidence Sep	98.9pts	98.4pts
19:00	EZ Consumer Confidence Sep Final	-16.5pts	-16.5pts
23:00	US FHFA House Prices Jul	0.1%	0.0%
23:00	US S&P/CS Home Price Index Jul	0.2%	0.2%
-	CN Current Account Balance Q2 Final	-	US$195.1b
0:00	US Consumer Confidence Sep	89.2pts	89.4pts
0:00	US Jolts Job Openings Aug	7225k	7271k

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

The **Dallas Fed Manufacturing** gauge fell to 9.8pts in September from 11.6pts previously. While production and orders were up, expectations for the outlook deteriorated.

China's **industrial profits** rose 15.7%ytd, missing consensus forecasts. Electronics demand has been firm, but domestic demand remained weak.

ECB President Lagarde pushed back on market bets for rate hikes, noting that while oil prices had pushed inflation higher, they were not seeing signs of this becoming embedded in higher wages. Lagarde went on to note that "we view a measured response as appropriate to keep inflation in check".

Local Data

In Australia, the **Final Budget Outcome for 2025–26** was released. The Australian Government general government sector recorded an underlying cash deficit of $22.3 billion (0.8% of GDP), a $6.0bn improvement on the 2026–27 Budget estimate.

Corporate Directory

Westpac Economics / Australia

Sydney
Level 19, 275 Kent Street
Sydney NSW 2000
Australia

E: economics@westpac.com.au

Luci Ellis
Chief Economist Westpac Group
E: luci.ellis@westpac.com.au

Matthew Hassan
Head of Australian Macro–Forecasting
E: mhassan@westpac.com.au

Elliot Clarke
Head of International Economics
E: eclarke@westpac.com.au

Sian Fenner
Head of Business and Industry Economics
E: sian.fenner@westpac.com.au

Justin Smirk
Senior Economist
E: jsmirk@westpac.com.au

Pat Bustamante
Senior Economist
E: pat.bustamante@westpac.com.au

Mantas Vanagas
Senior Economist
E: mantas.vanagas@westpac.com.au

Ryan Wells
Economist
E: ryan.wells@westpac.com.au

Illiana Jain
Economist
E: illiana.jain@westpac.com.au

Neha Sharma
Economist
E: neha.sharma1@westpac.com.au

Luka Belobrajdic
Economist
E: luka.belobrajdic@westpac.com.au

Westpac Economics / New Zealand

Auckland
Takutai on the Square
Level 8, 16 Takutai Square
Auckland, New Zealand

E: economics@westpac.co.nz

Kelly Eckhold
Chief Economist NZ
E: kelly.eckhold@westpac.co.nz

Michael Gordon
Senior Economist
E: michael.gordon@westpac.co.nz

Darren Gibbs
Senior Economist
E: darren.gibbs@westpac.co.nz

Satish Ranchhod
Senior Economist
E: satish.ranchhod@westpac.co.nz

Paul Clark
Industry Economist
E: paul.clarke@westpac.co.nz

Westpac Economics / Fiji

Suva
1 Thomson Street
Suva, Fiji

Shamal Chand
Senior Economist
E: shamal.chand@westpac.com.au

IQ
westpaciq.com.au

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