MARKET UPDATES

Market Daily Update

20 AUGUST 2026

Interest Rates		
Australia		Δ bp
90-day Bill	4.50	1
3-year Bond	4.54	-2
10-year Bond	5.02	-4
US		
2-year	4.16	0
10-year	4.64	-6
Other 10-year		
Japan	2.84	-9
Germany	3.26	0
UK	5.04	-4

FX		
AUD/USD	0.7123	0.6%
AUD/JPY	112.77	-0.2%
AUD/EUR	0.6100	-0.3%
AUD/GBP	0.5237	0.1%
AUD/NZD	1.1993	-0.6%
AUD/CNY	4.7931	0.3%
EUR/USD	1.1675	0.8%
USD/JPY	158.32	-0.7%
USD/CNY	6.7296	-0.2%

RBA Policy	
O/N Cash Rate Target	4.35
Interbank O/N Cash Rate	4.35
Probability of a 25bps Hike in Sep	12.0%
RBA Bond Holdings (31 Jul)	A$227.4b

Commodities		
WTI Crude Oil	85.81	$0.38
Brent Crude Oil	91.87	$0.45
Mogas95*	111.53	-$4.55
CRB Index	400.18	3.40
Gold	4510.89	$167.70
Silver	67.04	$4.05
Iron Ore (61% Fe)**	96.10	-$0.45
Iron Ore (26-27 Average)	97.20	-$0.05
Copper	14049.50	$63.00

Equities		
ASX200	9089	42
Dow Jones	53463	120
S&P500	7708	16
Stoxx600	651	-1
CSI300	4589	-137

*Mogas95 is the Singapore benchmark petrol price closely linked to Australian domestic fuel prices.
**Iron ore is the second SGX futures contract.

The sell-off on Wall Street came to a halt overnight, while long-term US government bond yields declined and the US dollar depreciated sharply after the US Treasury announced an increase in the maximum size of its longer-dated buyback operations. Buybacks for maturities between 10 and 30 years will be doubled to at least US$4 billion per operation from 9 September, with further announcements on future buyback sizes to be made in November.

The Australian dollar appreciated against the weaker greenback and British pound but depreciated against the Japanese yen and euro. Long-term Commonwealth bond yields declined by less than their US equivalents. The ASX 200 fell by 0.2% yesterday, though gains and losses were almost evenly distributed across sectors. Health care led the gains, while information technology recorded the largest losses. The Australian share market opened in the black this morning.

In commodity markets, the US Treasury buyback announcement pushed the gold price to its highest level since early June. Renewed strikes in the Strait of Hormuz lifted oil prices slightly, with Brent futures rising further above US$90 a barrel. Iron ore futures fell amid ongoing concerns about demand in China.

The FOMC minutes were hawkish, confirming that ‘several’ participants supported a fed funds rate hike at the August meeting, judging that further tightening was needed to achieve price stability given broad-based inflation pressures. In addition, ‘many’ participants believed further tightening might be needed at subsequent meetings if inflation did not decline, with some assessing that financial conditions were not sufficiently restrictive.

Across the Atlantic, the UK CPI rose by 0.3% in July, lifting the annual inflation rate to a four-month high of 2.9%, in line with market expectations.

The largest contribution to the increase in UK consumer prices in July came from housing, utilities and fuel costs, following an increase in the energy price cap set by the UK energy regulator. The annual rate of core CPI inflation remained unchanged at 2.6%. Both headline and core inflation remained above the Bank of England’s 2% target.

At home, the wage price index rose by 0.8% QoQ and 3.2% YoY in Q2, broadly in line with market expectations and unchanged from the previous quarter. Public sector wages growth (3.4% YoY) outpaced private sector wages growth (3.1% YoY) for the sixth consecutive quarter. Overall, wages growth in Australia remained moderate, with a declining contribution from the individual arrangement component, indicating weaker employee bargaining power.

Economic Data Review

- **AU:** Wage Price Index (QoQ, Q2) – Actual 0.8%, Expected 0.8%, Previous 0.8%.
- **UK:** CPI (MoM, Jul) – Actual 0.3%, Expected 0.3%, Previous 0.1%.

Economic Data Preview

- **AU:** Employment (monthly change, Jul) – Expected 12.0k, Previous 76.3k.
- **AU:** Unemployment Rate (Jul) – Expected 4.4%, Previous 4.4%.
- **AU:** Melbourne Institute Consumer Inflation Expectations (Aug) – Previous 4.7%.
- **AU:** S&P Global Composite PMI (Aug, flash) – Previous 53.2 (tomorrow).
- **CH:** PBoC Announcement (Five-year Loan Prime Rate) – Expected 3.50%, Previous 3.50%.
- **US:** Initial Jobless Claims (w/e 15 Aug) – Expected 210k, Previous 209k.