MARKET UPDATES

Market Watch Weekly

25 SEPTEMBER 2026

Highlights this week

- In Australia, employment rose more than expected in August, but the unemployment rate picked up to a nearly five-year high as more people entered the workforce. The S&P Global PMIs pointed to slower expansion in services and renewed contraction in manufacturing. RBA officials speaking this week maintained a hawkish tone.
- Abroad, the S&P Global PMIs also pointed to ongoing expansion in services and manufacturing across the major advanced economies, led by the US which saw the strongest growth in five years.

Highlights next week

- A very busy week domestically, with the RBA Monetary Policy Board meeting on Tuesday being the key event. A 25 basis point cash rate hike is widely expected by market participants, and the focus will be on any signals of further tightening down the road.
- Next week will also see household spending on Tuesday, CPI and dwelling approvals on Wednesday, as well as the goods trade balance on Thursday; all these releases are for August.
- It will also be a busy week offshore, with US PCE inflation for August, US labour market figures for September as well as US and Chinese PMIs being the major highlights.

		Change	Interest Rates (%)		Change	Interest Rates (%)		Change			Change
Australia	4.35	(0 pt)	O/N Interbank Cash	4.35	(0 pt)	USD 3-month	3.79	(↑4 pt)	ASX200	8654	(↓94 pt)
US (IOR)	3.90	(0 pt)	90-day Bills	4.76	(↑7 pt)	2-yr T-Notes	4.91	(↑24 pt)	S&P500	7704	(↑66 pt)
Eurozone (Deposit)	2.50	(0 pt)	3-yr T-Bond	5.04	(↑10 pt)	10-yr T-Notes	5.19	(↑26 pt)	DJIA	51350	(↓428 pt)
UK	3.75	(0 pt)	10-yr T-Bond	5.39	(↑14 pt)	Jap 10-yr	3.12	(↑16 pt)	Nikkei	66307	(↑1564 pt)
Japan (Target)	1.25	(0 pt)	3-yr WATC Bond	5.24	(↑11 pt)	UK 10-yr	5.38	(↑16 pt)	CSI300	4439	(↓21 pt)
China (1Y LPR)	3.00	(0 pt)	10-yr WATC Bond	5.76	(↑15 pt)	Ger 10-yr	3.60	(↑12 pt)	Stoxx600	636	(↓6 pt)

Changes are since the previous issue of Market WATCh Weekly.

Financial Markets

Interest Rates

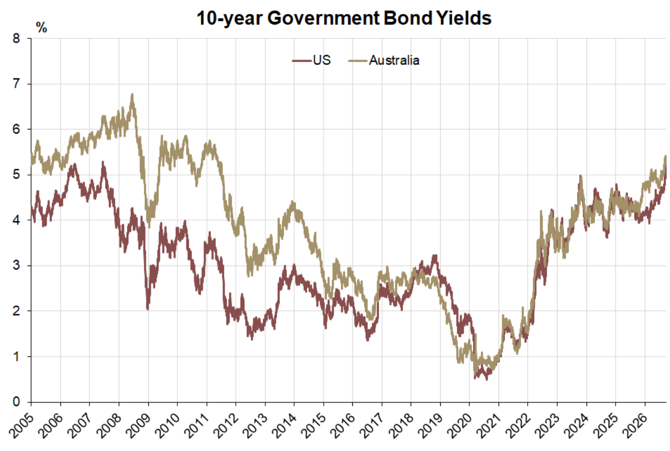
Government bond yields rose significantly this week, reflecting strong US economic data and the weakest US Treasury auction in 15 years. This was coupled with concerns about inflation pressures and hawkish Fedspeak.

US 10-year Treasury yields are at 5.2% at the time of writing, which is the highest level since 2007.

Commonwealth bond yields also saw considerable, albeit more measured increases, with 10-year yields reaching fresh record highs. The rise was limited by a mixed labour market report on the one hand and supported by hawkish RBA speak on the other. RBA officials speaking this week reiterated concerns about heightened inflation and the risks to price growth being tilted to the upside, and cited new factors, such as cost pressures in construction coming from data centre development.

A 25 basis point RBA cash rate hike is 90% priced in for next week, with another rise expected by February 2027.

Meanwhile, the Norges Bank increased its policy rate this week, while the Riksbank and Swiss National Bank stayed put but are widely expected to start tightening later this year.



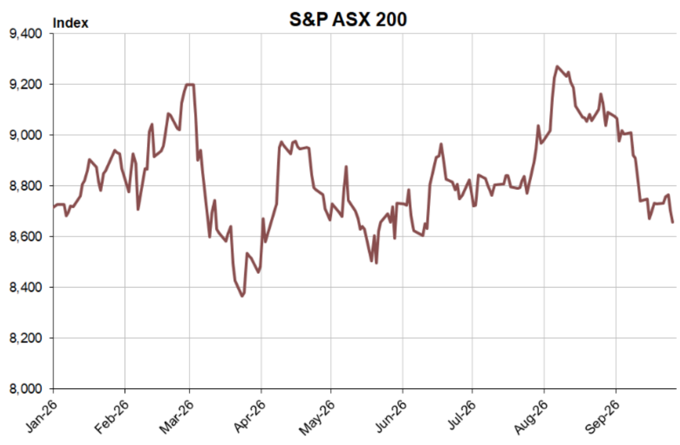
Source: Bloomberg

Equities

Global equities remain under pressure from high oil prices and bond yields; however, this has been partly offset by ongoing positive sentiment in the tech sector, particularly among those companies tied to the artificial intelligence boom.

Tech-heavy markets such as the Japanese, South Korean and Taiwanese indexes, as well as the Nasdaq in the US, were the strongest performers.

Locally, the ASX 200 appears on track for its fourth weekly loss in a row and to be at its lowest level in over three months. The financial sector was the biggest weight on the index this week amid declines in the four major banks. Falls in mining sector shares were also a major drag on the index over the week.



Source: Bloomberg

Currencies

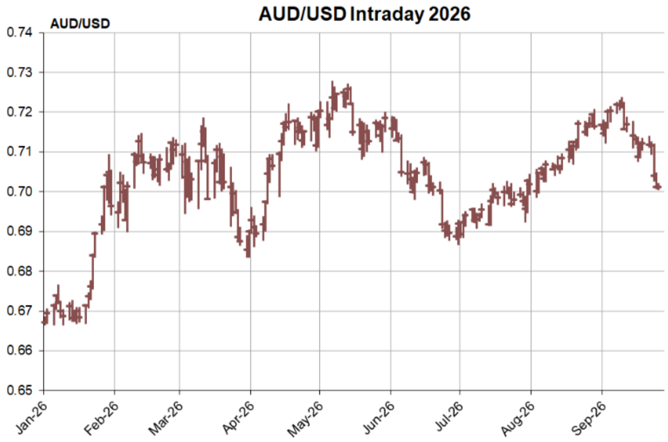
The Australian dollar was the weakest member of the G10 currency basket over the past week, ahead of only the Japanese yen.

The AUD was relatively steady early in the week before falling sharply on Wednesday. The AUD/USD has slipped to a seven-week low and looked like it may drop below US$0.70 earlier today, before stabilising.

The fall against the USD was partly driven by greenback strength, with the big dollar boosted by a sharp increase in US Treasury yields.

The US dollar index, which values the USD against a basket of major currencies, has risen to its highest level since the end of July.

The AUD trade-weighted index fell to its lowest level since early August.



Source: Bloomberg

Spot Rates	Current	High	Low	Change (%)	52-Week High	52-Week Low
AUD/USD	0.7011	0.7140	0.7004	↓1.4	0.7278	0.6421
AUD/EUR	0.6163	0.6220	0.6158	↓0.5	0.6220	0.4796
AUD/GBP	0.5305	0.5337	0.5302	↓0.4	0.5394	0.4796
AUD/JPY	111.12	112.31	110.81	↓0	114.96	96.26
AUD/CNY	4.7068	4.7804	4.7030	↓1.3	4.9567	4.5602
EUR/USD	1.1375	1.1496	1.1359	↓0.9	1.2081	1.1325
GBP/USD	1.3215	1.3400	1.3204	↓1.1	1.3868	1.3010
USD/JPY	158.49	159.04	156.58	↑1.5	163.99	146.59
USD/CNY	6.7129	6.7190	6.6951	↑0.1	7.1431	6.6951

Forward Rates	Spot	3M	6M	12M
AUD/USD	0.7011	0.7002	0.6996	0.6989
AUD/EUR	0.6163	0.6132	0.6103	0.6050
AUD/GBP	0.5305	0.5296	0.5289	0.5280
AUD/JPY	111.12	110.15	109.21	107.38
AUD/NZD	1.2398	1.2347	1.2303	1.2233
AUD/SGD	0.8969	0.8903	0.8836	0.8700

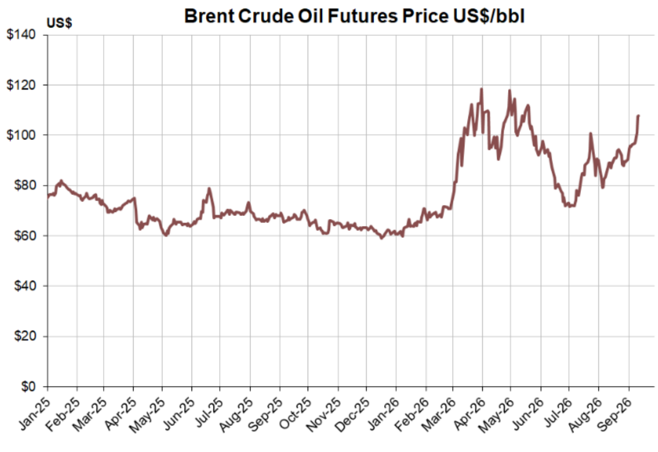
Commodities

Oil prices remained elevated this week after recent gains driven by escalating tensions in the Middle East. Brent crude eased early in the week on reports of continued US-Iran talks and progress in restoring damaged Saudi export infrastructure. Prices later rebounded after Iran warned that freedom of navigation through the Strait of Hormuz could not be guaranteed while sanctions and a US naval blockade remained in place.

US crude oil prices remained below US$100 a barrel as Washington considered a diesel export ban, according to the Energy Secretary.

Iron ore futures fell throughout the week to their lowest level in almost seven weeks.

Gold prices declined as the US dollar strengthened and bond yields rose.



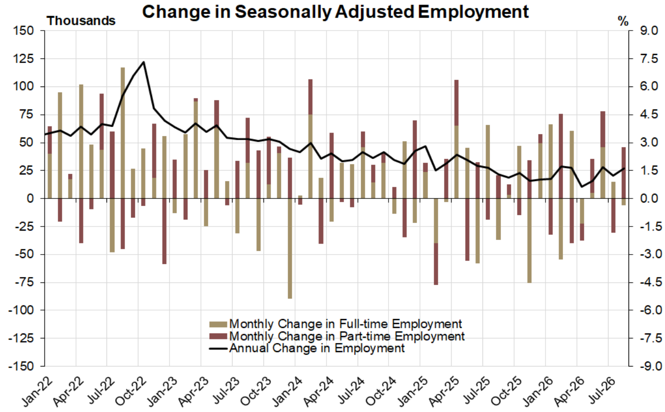
Source: Bloomberg

	Current	High	Low	Change	52-Week High	52-Week Low
Gold (US$)	$4,285.36	$4,383.47	$4,244.57	(↓$77.28)	$5,595.47	$3,722.17
Brent Crude Oil (US$)	$105.79	$108.23	$97.36	(↑$1.89)	$126.41	$58.72
Mogas95* (US$)	$134.01	$143.20	$129.47	(↓$2.02)	$150.55	$68.52
WTI Oil (US$)	$93.10	$101.08	$88.71	(↓$8)	$119.48	$54.98
CRB Index	423.32	423.32	418.70	(↓2.14)	429.15	291.69
Iron Ore Price 61% Fe (US$) **	$95.20	$97.65	$95.10	(↓$1.45)	$111.90	$92.85

*Mogas95 is the Singapore benchmark petrol price closely linked to Australian domestic fuel prices.
** The Iron Ore Price is the SGX 61% Fe iron ore futures 2nd contract.

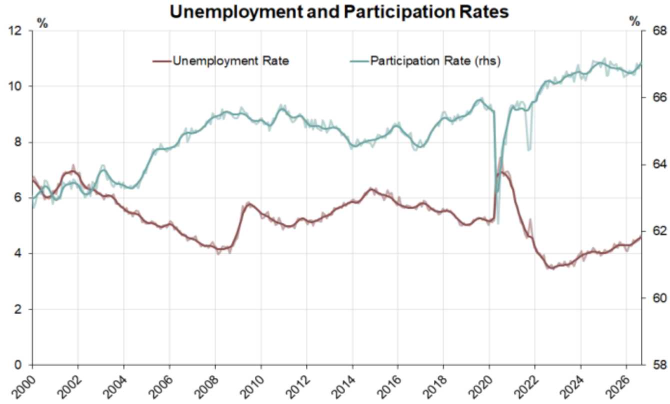
Domestic Economy

***Employment** saw a solid gain in August, which however came solely from part-time jobs.*



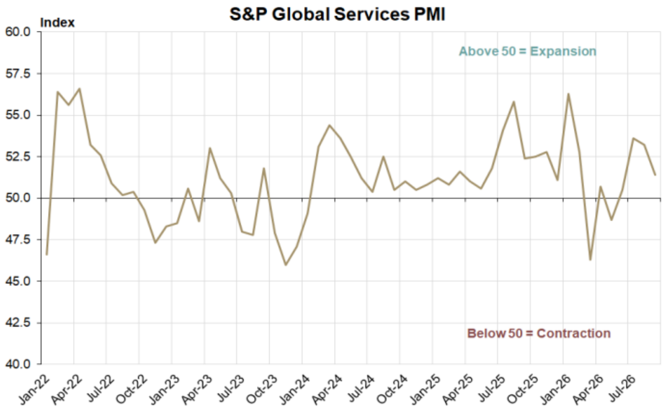
Source: ABS

*More labour market entrants saw the **unemployment rate** pick up a bit, but to a still historically very low level.*



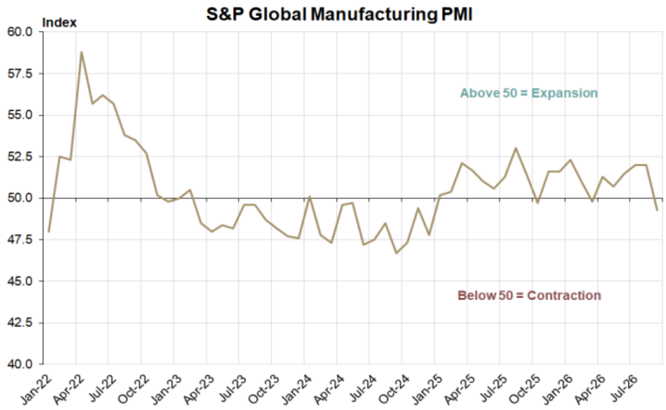
Source: ABS

*Meanwhile, the **S&P Global services PMI** suggested significantly slower contraction in August…*



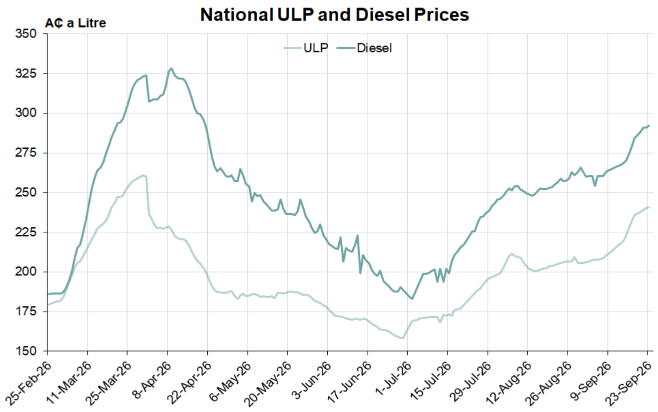
Source: Bloomberg

*… while the **manufacturing sector** slipped back into mild contraction.*



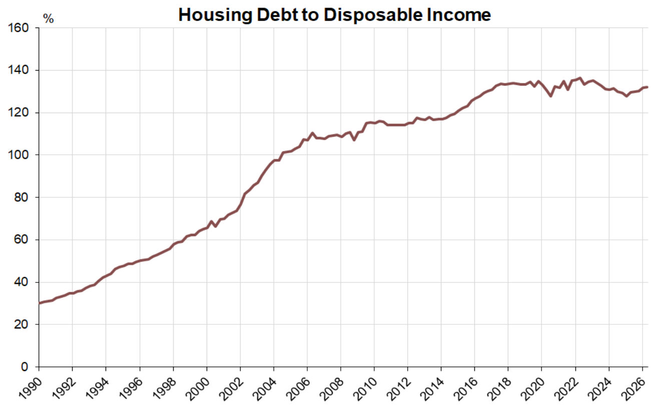
Source: Bloomberg

*Meanwhile, **petrol prices** continue to climb despite a retreat in global oil prices.*



Source: ABC

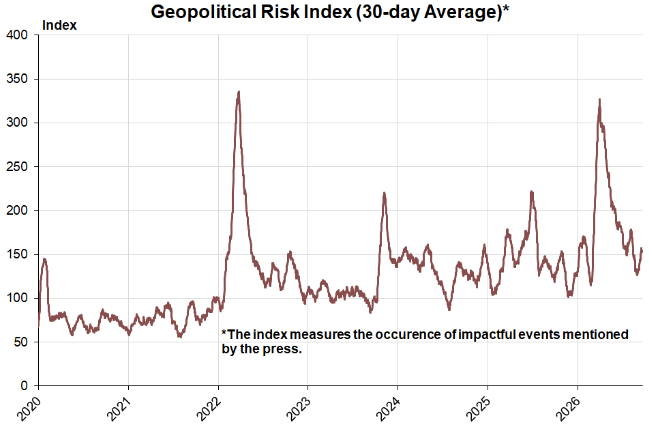
*The **indebted households** have limited capacity to cope with cost pressures without adjustment to spending.*



Source: ABS

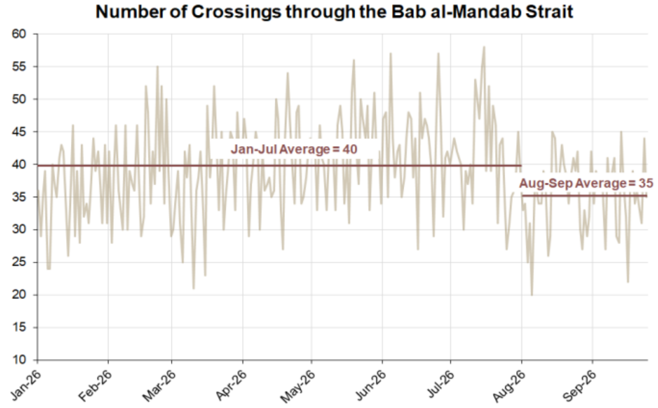
Global Economy

*The recent **escalation in the Middle East** attracted way less attention than the previous ones…*



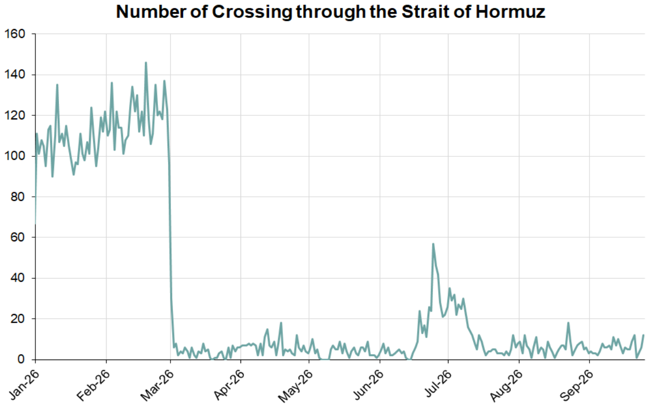
Source: Bloomberg

*… especially that the Houthi rebels disrupted, but did not block, traffic through the **Bab al-Mandab Strait**…*



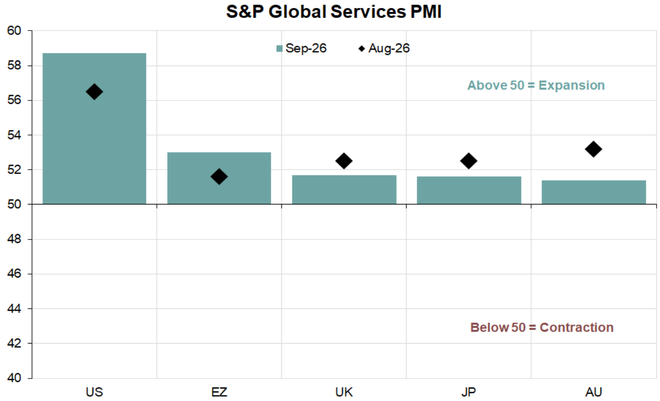
Source: Bloomberg

*… and a very small amount of traffic continues even through the **Strait of Hormuz**.*



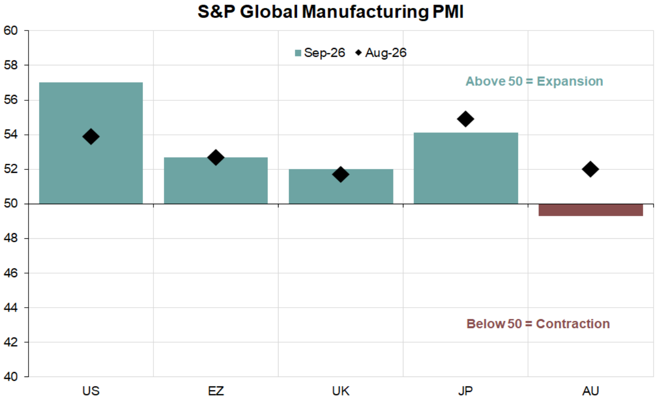
Source: Bloomberg

*The **S&P Global Services PMIs** suggest expansion in the advanced economies, especially in the US.*



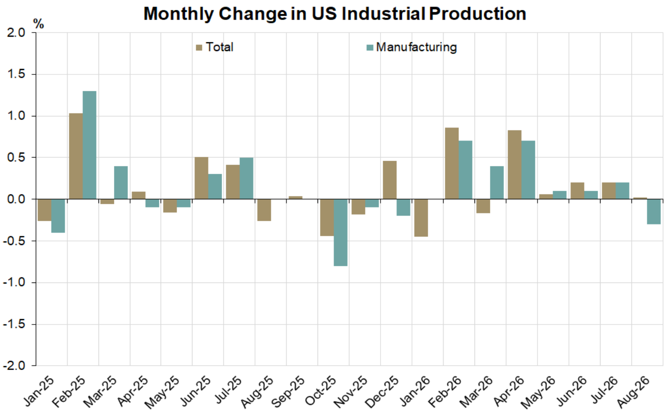
Source: Bloomberg

*Expansion continues also in **manufacturing**, and is led by the US as well.*



Source: Bloomberg

*The solid **US manufacturing** PMI for September followed weakness in August that was not signalled by the report.*



Source: Bloomberg

Last Week

Date	Event	Actual	Forecast	Previous	Comment
Mon 21					
CH	PBoC Announcement (5Y LPR)	3.50%	3.50%	3.50%	One-year loan prime rate also unchanged at 3.00%.
Tue 22					
AU	RBA Governor M. Bullock Speaks	-	-	-	4.5-5% unemployment rate can take the heat of inflation.
AU	RBA Assistant Governor Speaks	-	-	-	RBA sees still inflation risks being tilted to the upside.
AU	RBA MBP Member Speaks	-	-	-	Wage-price spiral remains unlikely in Australia today.
AU	ANZ Cons. Conf. (w/e 19 Sep)	72.0	-	73.9	Inflation expectations up by 0.2ppts to 6.1%.
Wed 23					
AU	S&P Global Composite PMI (Sep)	50.8	-	52.7	Suggested the strongest fall in jobs since October 2020.
EZ	S&P Global Composite PMI (Sep)	53.1	51.7	52.0	The fastest pace of expansion in over three years.
UK	S&P Global Composite PMI (Sep)	51.7	52.0	52.5	New orders slid into marginal contraction.
US	S&P Global Composite PMI (Sep)	58.4	55.3	56.0	The strongest expansion in five years.
Thu 24					
AU	Employment (MoM, Sep)	39.5k	20.0k	-15.9k	The solid increase solely thanks to part-time jobs.
AU	Unemployment Rate (Sep)	4.6%	4.5%	4.5%	The uptick partly helped by inflows to the labour market.
AU	NA: Finance and Wealth (Q2)	-	-	-	Australian household debt remains elevated.
JP	S&P Global Composite PMI (Sep)	52.5	-	53.5	Expansion in Japanese manufacturing remained strong.
SE	Riksbank Decision (Policy Rate)	1.75%	1.75%	1.75%	A 25bps hike 90% priced in for November.
NO	Norges B. Decision (Policy Rate)	4.50%	4.50%	4.25%	The market was almost 50-50 split on a need to hike.
US	Initial Jobless Claims (w/e 19 Sep)	197k	200k	198k	Continued claims were also little changed in w/e 12 Sep.
Tonight					
US	Durable Orders (MoM, Aug)	-	-0.3%	1.1%	Non-defence orders ex aircraft to rise by 0.5%.

Next Week

Date	Event	Forecast	Previous	Comment
Mon 28				
	No market moving data			
Tue 29				
AU	RBA Decision (Cash Rate Target)	4.60%	4.35%	A hike pretty much priced in.
AU	RBA Governor Michele Bullock Speaks	-	-	Post-meeting press conference.
AU	Household Spending (MoM, Aug)	0.4%	1.1%	The figures are not adjusted for inflation impacts.
US	JOLTS Job Openings (Aug)	7.2m	7.3m	Slightly above the number of officially unemployed since Mar.
US	Conf. Board Consumer Confidence (Sep)	91.0	89.4	The indicators related to labour market to be closely watched.
US	C-S Hse Pce Index 20 Cities (MoM, Jul)	-	0.2%	US mortgage rates the highest since early 2025.
Wed 30				
AU	CPI (YoY, Aug)	4.2%	3.5%	Annual trimmed mean expected to rise by 0.1ppts to 3.7%.
AU	Dwelling Approvals (MoM, Aug)	-1.0%	-3.6%	Unit approvals continue to generate month-to-month volatility.
AU	Private Sector Credit (MoM, Aug)	0.5%	0.6%	Annual rate of credit growth to accelerate further.
CH	NBS Composite PMI (Sep)	-	49.5	First insights into Chinese economic conditions in September.
CH	Caixin Composite PMI (Sep)	-	52.1	Has been more optimistic than its NBS equivalent.
US	ADP Employment (monthly change, Sep)	58k	38k	Failed to predict solid job gains in August.
US	Personal Spending (MoM, Aug)	0.8%	0.2%	Partly propped up by a rise in prices.
US	PCE Price Index (MoM, Aug)	0.4%	0.2%	Annual rate expected to remain at 3.7%.
US	GDP (QoQ annualised, Q2, final)	1.5%	1.5%	No revision pencilled in by the market consensus.
Thu 01				
AU	Goods Trade Balance (Aug)	A$2.0b	A$1.9b	In and out of deficit in the past few months.
AU	Job Vacancies (QoQ, Q3)	-	-2.1%	The monthly figures suggested a rise.
US	ISM Manufacturing PMI (Sep)	54.7	54.6	S&P Global PMIs suggested strong acceleration.
Fri 02				
EZ	HICP (YoY, Sep, flash)	-	3.2%	Both headline and core inflation above the ECB's goal.
US	Non-farm Payrolls (monthly change, Sep)	104k	162k	The solid broad-based gain in August unlikely to repeat.
US	Unemployment Rate (Sep)	4.2%	4.1%	FOMC not worried about US labour market conditions.