MARKET UPDATES

Market Daily Update

20 JULY 2026

Interest Rates		
Australia		**Δ bp**
90-day Bill	4.47	-1
3-year Bond	4.56	6
10-year Bond	4.96	5
US		
2-year	4.18	4
10-year	4.55	-1
Other 10-year		
Japan	2.70	-1
Germany	3.13	-1
UK	4.95	-2

FX		
AUD/USD	0.6985	-0.1%
AUD/JPY	113.45	-0.1%
AUD/EUR	0.6110	0.0%
AUD/GBP	0.5193	0.0%
AUD/NZD	1.1954	-0.1%
AUD/CNY	4.7315	-0.1%
EUR/USD	1.1431	-0.1%
USD/JPY	162.42	0.0%
USD/CNY	6.7762	0.1%

RBA Policy	
O/N Cash Rate Target	4.35
Interbank O/N Cash Rate	4.35
Probability of a 25bps Hike in Aug	21.7%
RBA Bond Holdings (30 Jun)	A$229.9b

Commodities		
WTI Crude Oil	84.42	$4.93
Brent Crude Oil	90.46	$5.67
Mogas95*	111.36	-$1.61
CRB Index	381.96	5.99
Gold	4001.28	$19.78
Silver	56.40	$0.98
Iron Ore (61% Fe)**	100.45	$0.20
Iron Ore (26-27 Average)	98.99	$0.07
Copper	13525.50	-$73.00

Equities		
ASX200	8806	20
Dow Jones	52146	-407
S&P500	7458	-76
Stoxx600	642	-2
CSI300	4529	-169

*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 deepened on Friday, as attacks continued across the Middle East and concerns mounted over the sustainability of the artificial intelligence boom in the US following an alleged competitive breakthrough in China.

Fresh artificial intelligence concerns emerged after a Chinese start-up revealed a Kimi model with parameters reportedly outpacing those of top American rivals. While the full capabilities of this solution will not be known for more than a week, the news was reminiscent of the DeepSeek moment in early 2025, when it was demonstrated that Chinese artificial intelligence models could be on par with those from the US despite strict semiconductor controls.

The S&P 500 retreated by 1.0%, while the Nasdaq lost 1.4%, with chipmakers sliding into a bear market. This followed losses in Europe and most countries in the Asia-Pacific region, with the tech-heavy Korean Kospi seeing another sharp drop of 6.4%.

Apart from dragging on global market sentiment, further attacks in the Middle East pushed oil prices up by another 6%, with Brent futures above US$90 a barrel at the time of writing for the first time in over a month. The exchange of fire continued over the weekend and included civilian infrastructure and military sites, with three casualties on the US side. Only a handful of commercial vessels made it through the Strait of Hormuz over the weekend.

US Treasury yields picked up at the front end of the yield curve, as fed funds rate expectations intensified a little further, driven not only by inflation concerns from higher oil prices but also by some hawkish Fedspeak.

Cleveland Fed President Beth Hammack wrote in a social media post that inflation is too high, while the labour market is close to maximum employment. Her Dallas counterpart, Lorie Logan, as well as Kansas City Fed President Jeff Schmid and Vice Chair Philip Jefferson, echoed these comments, with some explicitly calling for rate hikes.

Weaker global market sentiment pushed the Australian dollar slightly lower against the greenback and Japanese yen. Commonwealth bond yields are up since Friday morning. The ASX 200 closed 0.5% lower on Friday, before opening in the black this morning.

Data-wise, industrial production rose by 0.1% in June, slightly below market expectations, with growth exclusively in utilities and mining, while manufacturing activity came to a halt. University of Michigan consumer sentiment surged by nearly 10% to a still-low 54.4 index points, with one-year consumer inflation expectations dropping to 4.2% and five- to ten-year expectations remaining unchanged at 3.3%.

Apart from news on ongoing tensions in the Middle East, this week's offshore highlights will include S&P Global PMIs for the major advanced economies and the ECB decision, though no changes in policy rates are expected. The only domestic events of note next week will be the June labour force survey on Thursday and PMIs for July on Friday.

Economic Data Review

- **US:** Industrial Production (MoM, Jun) – Actual 0.1%, Expected 0.2%, Previous 0.1%.
- **US:** University of Michigan Consumer Sentiment (Jul, prel.) – Actual 54.4, Expected 51.0, Previous 49.5.

Economic Data Preview

- **CH:** People's Bank of China Announcement (Five-year Loan Prime Rate) – Expected 3.50%, Previous 3.50%.