MARKET UPDATES

Market Watch Weekly

07 AUGUST 2026

Highlights this week

- In Australia, household spending growth exceeded expectations in June. The Melbourne Institute inflation gauge pointed to consumer price growth remaining above the RBA's goal in July. The goods trade balance unexpectedly rose back into surplus in June.
- Abroad, the US ISM PMIs pointed to further expansion in both manufacturing and services in July. ADP employment growth was sluggish in July. The Chinese RatingDog PMIs suggested a sharp slowdown in the pace of expansion. Chinese trade surplus narrowed a little in July, but remained strong, with growth in exports and imports still in double digits.

Highlights next week

- The key domestic event next week will be the RBA Monetary Policy Board decision on Tuesday, though with no changes expected, and the Statement on Monetary Policy, which will include updated macroeconomic projections. RBA Governor Michele Bullock will speak twice next week, after the decision on Tuesday and before a House of Representatives committee on Friday. The only domestic release of note will be the NAB business survey for July on Tuesday.
- The highlights offshore will include US inflation and retail sales figures for July. Chinese inflation data will be released over the weekend.

Central Bank Rates (%)		Weekly Change	Australian Interest Rates (%)		Weekly Change	Major Overseas Interest Rates (%)		Weekly Change	Global Equities		Weekly Change
Australia	4.35	(0 pt)	O/N Interbank Cash	4.35	(0 pt)	USD 3-month	3.65	(↑4 pt)	ASX200	9258	(↑281 pt)
US (IOR)	3.65	(0 pt)	90-day Bills	4.51	(↑1 pt)	2-yr T-Notes	4.24	(↑1 pt)	S&P500	7710	(↑272 pt)
Eurozone (Deposit)	2.25	(0 pt)	3-yr T-Bond	4.53	(↑4 pt)	10-yr T-Notes	4.67	(↑2 pt)	DJIA	53885	(↑1677 pt)
UK	3.75	(0 pt)	10-yr T-Bond	5.00	(↑7 pt)	Jap 10-yr	2.79	(↓2 pt)	Nikkei	65005	(↑776 pt)
Japan (Target)	1.00	(0 pt)	3-yr WATC Bond	4.72	(↑3 pt)	UK 10-yr	4.94	(↓5 pt)	CSI300	4656	(↑50 pt)
China (1Y LPR)	3.00	(0 pt)	10-yr WATC Bond	5.36	(↑2 pt)	Ger 10-yr	3.14	(↓1 pt)	Stoxx600	658	(↑8 pt)

Changes are since the previous issue of Market WATCh Weekly.

Financial Markets

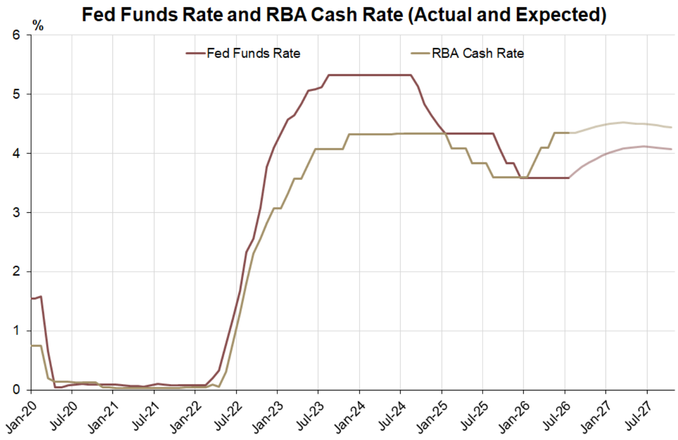
Interest Rates

Government bond yields are up for the week in the US and Australia, while declining in Japan and Europe.

The situation in the Middle East continued to affect government bond yields. While tensions in the region appeared to be contained for most of the week, keeping government bond yields quite steady, the escalation of rhetoric and military action last night saw yields rise quite sharply in the US and in Australia.

Hawkish Fedspeak also contributed to a rise in government bond yields to some extent. All three FOMC dissenters, along with further Fed officials, said that waiting too long to raise rates would increase the cost of fighting inflation later. The market continues to fully price in a 25bps hike for December.

In contrast to the US, a 25bps hike by the RBA remains only partially priced in for this year, with the probability of such a move next week being virtually zero.



Source: Bloomberg

Equities

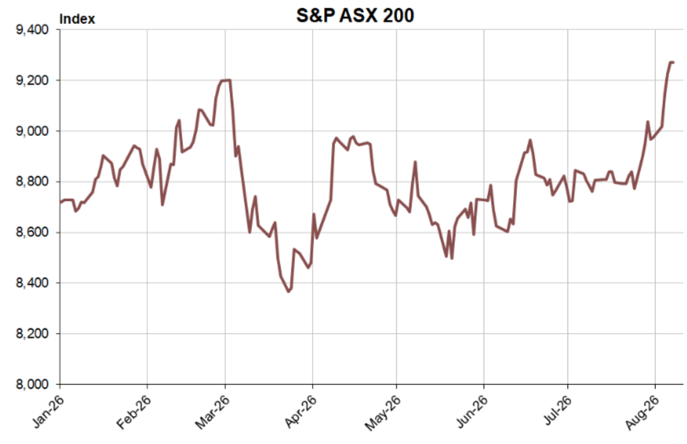
Several equity markets reached new record highs this week, including Australia, where the ASX 200 broke through its early March high on Wednesday and climbed further on Thursday.

The rise in the Australian market followed strong gains in the US, where the benchmark S&P 500 also reached record highs, led by the technology sector and renewed confidence in the AI trade.

The ASX 200 has been the best performer among developed-market indices and is on track for its best week since a 4.4% rise in the week ending 10 April, during the early days of the first US-Iran ceasefire

The gains on the ASX this week have been led by information technology and materials.

Energy was the weakest sector, weighed down by lower oil prices.



Source: Bloomberg

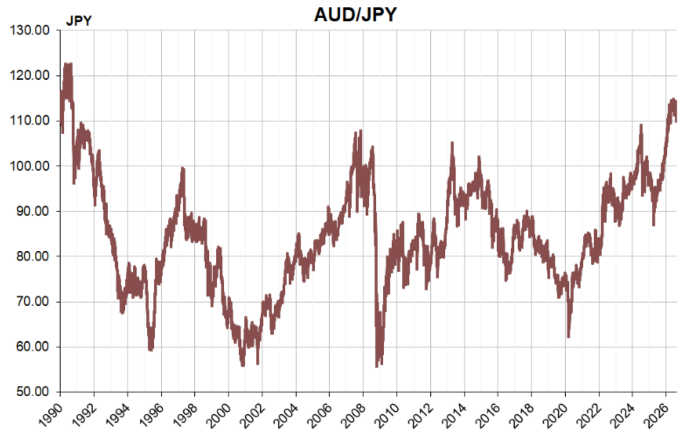
Currencies

Currency markets were broadly steady this week, with most major pairs trading in narrow ranges and finishing little changed.

The AUD/USD drifted higher in the first half of the week, as hopes of a fresh Middle East ceasefire lifted market sentiment, briefly reaching a seven-week high on Wednesday. The exchange rate has since eased, as the US dollar strengthened ahead of tonight's employment report.

The Japanese yen was again the biggest mover among the majors, briefly touching a three-month high against the greenback and a four-month high against the Aussie on Monday.

The rise was driven by comments from Japanese officials warning of further currency-market action to support the yen, following last week's record intervention after the currency slumped to multi-decade lows. The yen gave up some of its early gains later in the week.



Source: Bloomberg

Spot Rates		Current	High	Low	Change (%)	52-Week High	52-Week Low
AUD/USD		0.7025	0.7065	0.6984	↓0	0.7278	0.6415
AUD/EUR		0.6098	0.6115	0.6059	↓0.1	0.6207	0.4761
AUD/GBP		0.5222	0.5243	0.5192	↓0	0.5394	0.4761
AUD/JPY		111.22	111.49	109.24	↓1.4	114.92	94.40
AUD/CNY		4.7396	4.7679	4.7172	↓0	4.9567	4.5602
EUR/USD		1.1521	1.1560	1.1500	↑0.1	1.2081	1.1325
GBP/USD		1.3453	1.3506	1.3418	↑0	1.3868	1.3010
USD/JPY		158.33	158.57	155.23	↓1.4	163.99	145.49
USD/CNY		6.7471	6.7586	6.7460	↓0	7.1915	6.7457

Forward Rates		Spot	3M	6M	12M
AUD/USD		0.7025	0.7014	0.7006	0.6990
AUD/EUR		0.6098	0.6066	0.6036	0.5979
AUD/GBP		0.5222	0.5214	0.5207	0.5197
AUD/JPY		111.22	110.25	109.29	107.54
AUD/NZD		1.1974	1.1924	1.1881	1.1815
AUD/SGD		0.9013	0.8942	0.8871	0.8735

Commodities

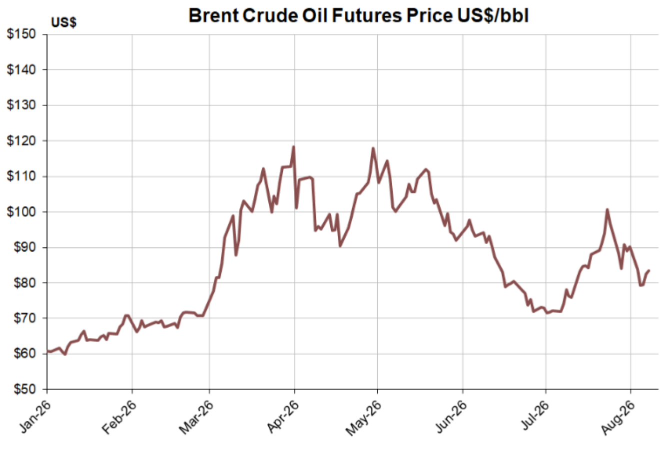
Oil prices fell again this week, driven by a 10% fall over the first two days, after Washington called off planned attacks on Iran to make room for ceasefire negotiations and a path to reopening of the Strait of Hormuz.

The slide pushed Brent crude to three-week lows, before oil prices rebounded after reports that Iran and Oman had struck an agreement over the strait that included a provision barring passage to US and Israeli vessels. Iran also reportedly attacked 'hostile targets' in the Strait.

Oil came under further upward pressure following news that Houthi rebels had attacked targets in Saudi Arabia brought concerns over a wider conflict back into focus.

Iron ore futures prices fell to their lowest level in more than a year early this week, following further soft economic data out of China.

Prices rebounded after reports of friction between China's state-backed minerals procurement coordinator and a major Australian iron ore miner raised concerns about potential supply disruption.



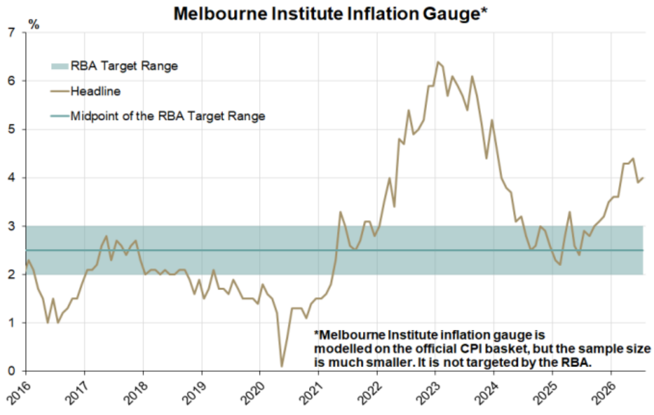
Source: Bloomberg

	Current	High	Low	Change	52-Week High	52-Week Low
Gold (US$)	$4,258.09	$4,304.09	$4,019.30	(↑$183.63)	$5,595.47	$3,311.60
Brent Crude Oil (US$)	$83.44	$86.33	$78.11	(↓$4.72)	$126.41	$58.72
Mogas95* (US$)	$100.49	$116.14	$94.49	(↓$15.34)	$150.55	$68.52
WTI Oil (US$)	$78.04	$82.33	$74.24	(↓$4.38)	$119.48	$54.98
CRB Index	377.00	385.10	373.44	(↓7.45)	406.18	291.69
Iron Ore Price 61% Fe (US$) **	$95.60	$96.50	$92.85	(↓$0.2)	$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.

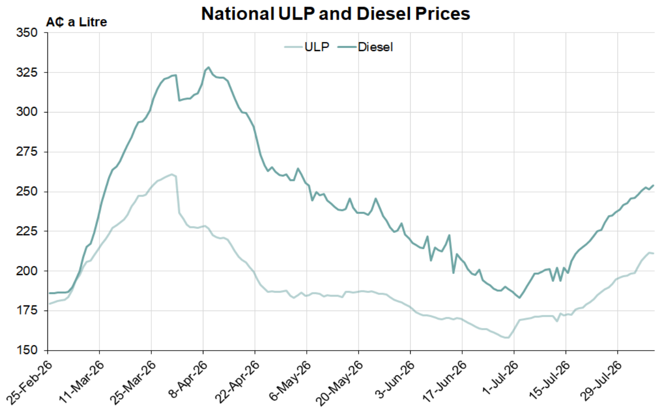
Domestic Economy

*The **Melbourne Institute inflation gauge** suggested that CPI growth remains above the RBA's goal.*



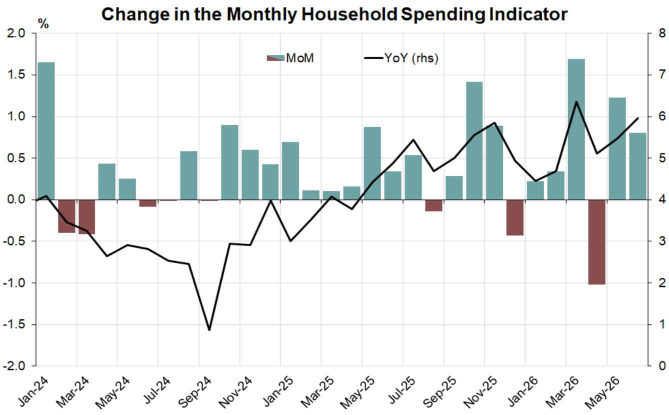
Source: Bloomberg

*The end of the excise cut is increasingly reflected in **fuel prices**, but they are well off their peak from March.*



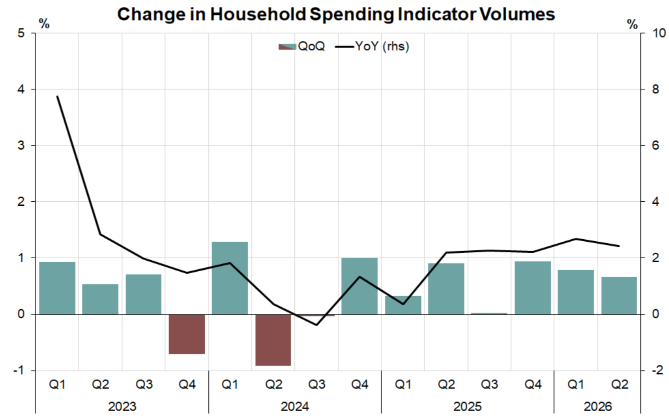
Source: ABC

*A rise in prices supported **nominal household spending** in June…*



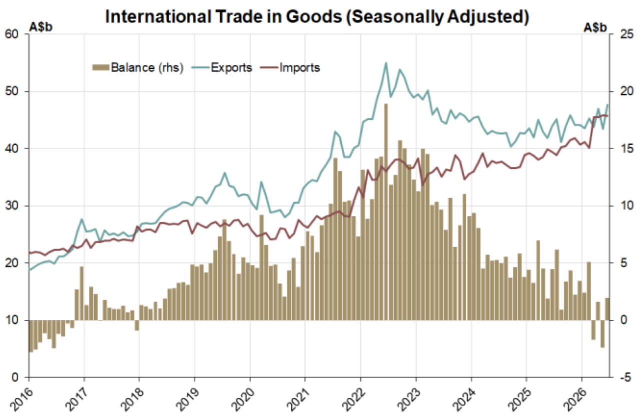
Source: ABS

*… though **household spending volumes** have also been quite resilient throughout the US-Iran war.*



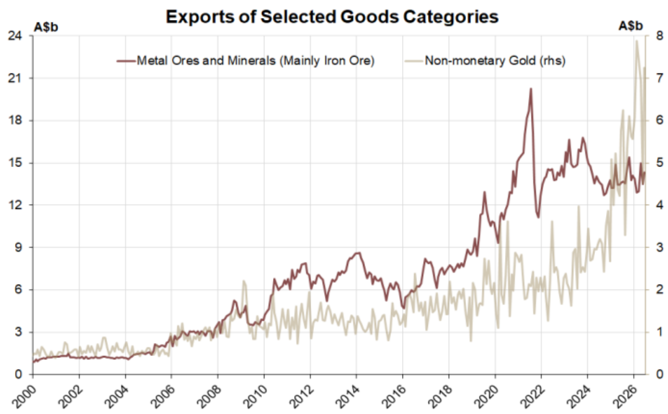
Source: ABS

*The **goods trade balance** rose back into surplus in June, supported by a surge in exports…*



Source: ABS

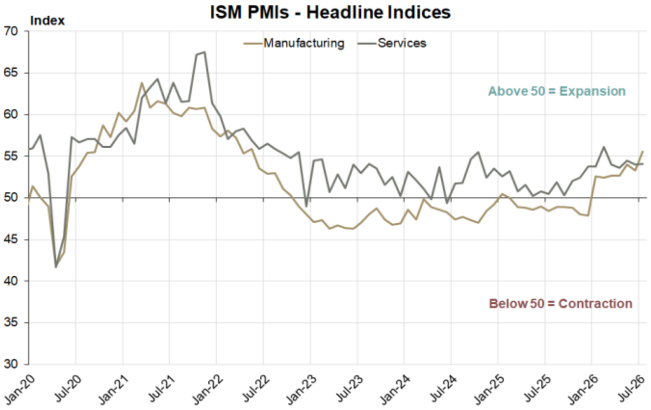
*… amid a rise in **iron ore exports** and a bounce in non-monetary gold exports.*



Source: ABS

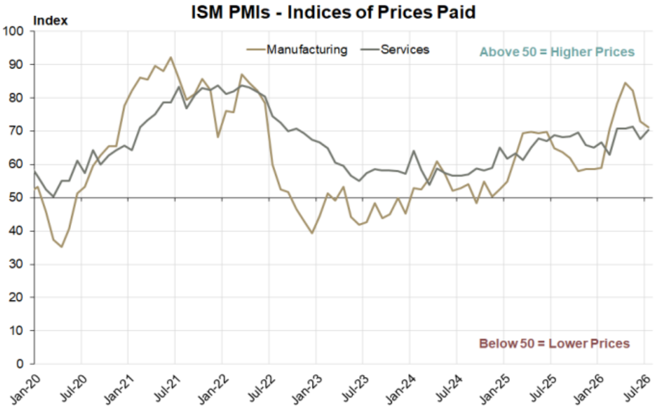
Global Economy

***US ISM PMIs** suggested ongoing expansion in both manufacturing and services.*



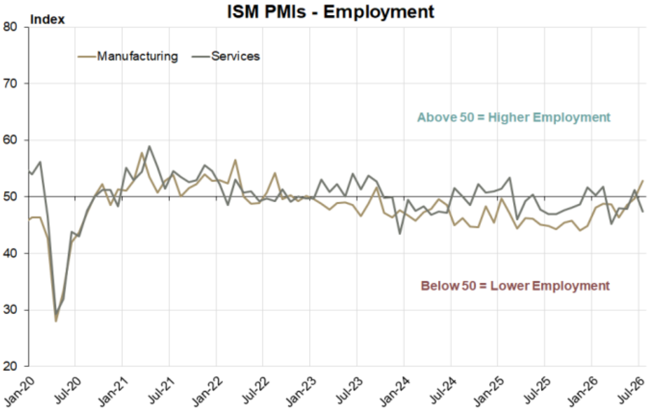
Source: Bloomberg

*The ISM report also pointed to a slower, but still acute, increase in **cost pressures** in manufacturing.*



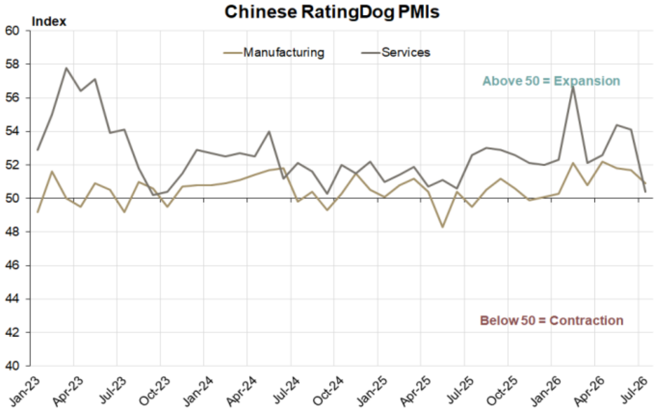
Source: Bloomberg

*According to ISM PMIs, **employment** climbed further in manufacturing, but resumed falling in services.*



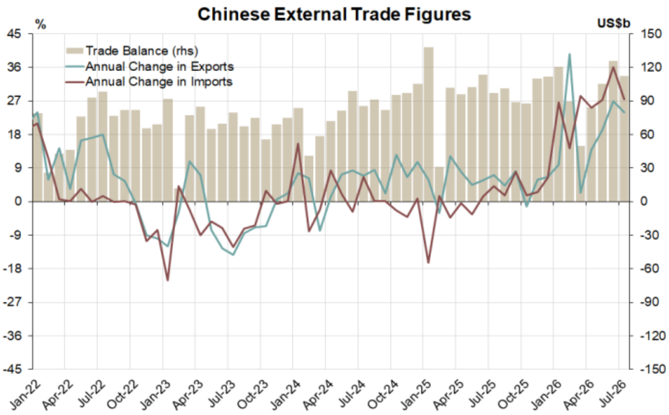
Source: Bloomberg

*The **Chinese RatingDog PMI** suggested a sharp slowdown in activity growth in July.*



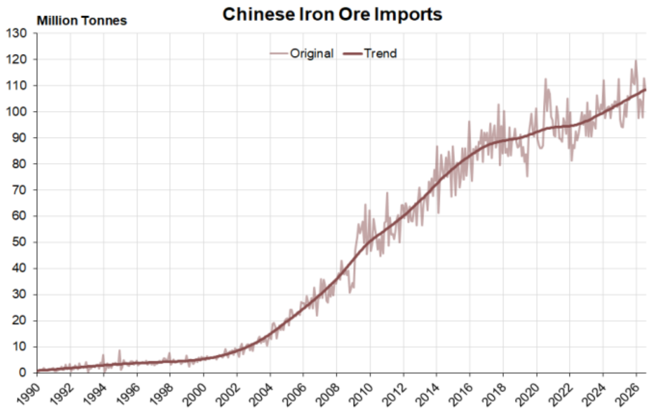
Source: Bloomberg

*The **Chinese trade surplus** remained elevated in July, with exports and imports growing in double digits…*



Source: Bloomberg

*… and **Chinese iron ore imports** still trending upwards.*



Source: Bloomberg

Last Week

Date	Event	Actual	Forecast	Previous	Comment
Mon 03					
AU	Melbourne Institute Infl. (YoY, Jul)	4.0%	-	3.9%	According to MI, annual trimmed mean inflation at 3.4%.
AU	Cotality Home Value (MoM, Jul)	-0.9%	-	-0.6%	Perth the only mainland state capital city with a gain.
CH	RatingDog Manuf. PMI (Jul)	50.9	52.0	51.7	Report details were a bit better than the headline figure.
US	ISM Manufacturing PMI (Jul)	55.6	53.9	53.3	Points to the strongest growth since mid-2022.
Tue 04					
AU	Household Spending (MoM, Jul)	0.8%	0.2%	1.2%	Household spending volumes increased by 0.7% in Q2.
AU	ANZ Indeed Job Ads (MoM, Jul)	0.8%	-	-0.1%	16.2% above pre-COVID levels.
AU	ANZ Consumer Conf. (w/e 1 Aug)	74.7	-	71.2	Inflation expectations the lowest since early March.
US	JOLTS Job Openings (Jun)	7.4m	7.6m	7.5m	265k above the number of officially unemployed.
Wed 05					
CH	RatingDog Services PMI (Jul)	50.4	53.7	54.1	RatingDog composite PMI dropped to 50.8.
US	ADP Employment (MoM, Jul)	44k	65k	95k	Most of the increase came from education and health.
US	ISM Services PMI (Jul)	54.1	54.5	54.0	Employment plunged back into contraction.
Thu 06					
AU	Goods Trade Balance (Jun)	A$1.9b	-A$1.1b	-A$2.4b	Rose into surplus thanks to a strong increase in exports.
US	Initial Jobless Claims (w/e 1 Aug)	199k	205k	198k	Continued claims rose above 1.8m in w/e 25 July.
Fri 07					
CH	Trade Balance (Jul)	US$113b	US$107b	US$126b	Chinese iron ore imports increased by 3.3% YoY.
Tonight					
US	Non-farm Payrolls (MoM, Jul)	-	80k	57k	Payrolls growth slowed in June after a solid three months.
US	Unemployment Rate (Jul)	-	4.2%	4.2%	Has been declining since peaking at 4.5% in late 2026.
US	New York Fed 1Y Infl. Exp. (Jul)	-	3.7%	3.7%	The gauge is closely followed by the Fed.

Next Week

Date	Event	Forecast	Previous	Comment
Mon 10				
	No market moving data			
Tue 11				
AU	RBA Decision (Cash Rate)	4.35%	4.35%	A 25bps hike around 60% priced in for early 2027.
AU	RBA Governor Michele Bullock Speaks	-	-	Post-meeting conference.
AU	Statement on Monetary Policy (Aug)	-	-	Updated economic projections.
AU	NAB Business Conditions (Jul)	-	3	Has been below long-run average throughout H1 2026.
AU	NAB Business Confidence (Jul)	-	-5	Saw significant improvement in June, but remains negative.
Wed 12				
US	CPI (MoM, Jul)	0.2%	-0.4%	Annual CPI inflation forecast to remain at 3.5%.
Thu 13				
AU	RBA Deputy Governor C. Kent Speaks	-	-	Fireside chat at the Reuters NEXT Newsmaker Interview.
UK	GDP (QoQ, Q2)	0.4%	0.6%	Saw a surprising acceleration in early Q1.
US	PPI (MoM, Jul)	0.2%	-0.3%	Business reports point to easing, yet acute, cost pressures.
Fri 14				
AU	New Home Loans (QoQ, Q2)	-7.0%	-3.8%	The correction in the housing market to drag on new loans.
AU	RBA Governor Michele Bullock Speaks	-	-	Appearance before a House of Representatives committee.
US	Retail Sales (MoM, Jul)	0.3%	0.2%	US consumers remain remarkably resilient…
US	UoM Consumer Confidence (Aug, prel.)	52.5	55.2	… despite depressed household sentiment in the country.