Market Watch Weekly

13 MARCH 2026

Highlights this week

- In Australia, hawkish comments by RBA Deputy Governor Andrew Hauser led to intensification of cash rate expectations. Westpac consumer sentiment improved a little in March, but Melbourne Institute inflation expectations spiked. NAB business conditions were steady around a long-run average in February, while business confidence deteriorated.
- Abroad, the ongoing Middle Eastern conflict has translated into a deterioration in market sentiment and a surge in oil prices. US CPI rose in line with expectations in February. Chinese year-to-date external trade turnover surprised to the upside.

Highlights next week

- The key domestic event next week will be the RBA's decision on Wednesday, with a cash rate hike broadly expected. The other major highlight will be the February labour force survey, scheduled for release on Thursday.
- It will also be a busy week in global central banking, with decisions from the Fed, ECB, Bank of England, Bank of Japan and several other G10 central banks. Chinese activity data for the first two months of 2026 will be the key data release next week. The news from the Middle East will most likely continue to attract significant investors' attention.

Central Bank Rates (%)		Weekly Change	Australian Interest Rates (%)		Weekly Change	Major Overseas Interest Rates (%)		Weekly Change	Global Equities		Weekly Change
Australia	3.85	(0 pt)	O/N Interbank Cash	3.85	(0 pt)	USD 3-month	4.85	(0 pt)	ASX200	8632	(↓186 pt)
US (IOR)	3.65	(0 pt)	90-day Bills	4.18	(↑11 pt)	2-yr T-Notes	3.73	(↑15 pt)	S&P500	6673	(↓158 pt)
Eurozone (Deposit)	2.00	(0 pt)	3-yr T-Bond	4.55	(↑13 pt)	10-yr T-Notes	4.26	(↑12 pt)	DJIA	46678	(↓1277 pt)
UK	3.75	(0 pt)	10-yr T-Bond	4.93	(↑9 pt)	Jap 10-yr	2.22	(↑6 pt)	Nikkei	53763	(↓1359 pt)
Japan (Target)	0.75	(0 pt)	3-yr WATC Bond	4.71	(↑15 pt)	UK 10-yr	4.77	(↑23 pt)	CSI300	4687	(↑39 pt)
China (1Y LPR)	3.00	(0 pt)	10-yr WATC Bond	5.43	(↑15 pt)	Ger 10-yr	2.96	(↑12 pt)	Stoxx600	599	(↓6 pt)

Changes are since the previous issue of Market WATCh Weekly.

Financial Markets

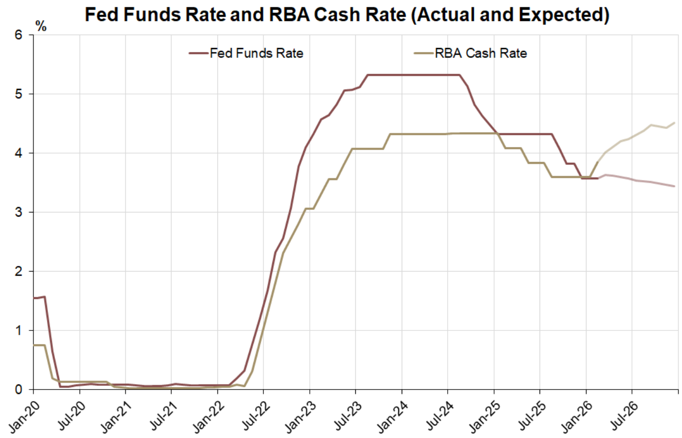
Interest Rates

Government bond yields continued to ascend this week, as investors are increasingly concerned over the impact of higher oil prices on inflation and the monetary policy outlook.

In the US, a fed funds rate hike is no longer fully priced in for 2026, though the probability of such a move remains around 80%.

In Australia, an interview with RBA Deputy Governor Andrew Hauser on the central bank's website just ahead of the blackout period preceding the meeting next week accelerated the re-assessment of the monetary policy outlook. Deputy Governor Hauser warned that, if the RBA fails to act decisively in response to the additional upside risk to inflation coming from the Middle East, it risks seeing inflation expectations de-anchor.

Deputy Governor Hauser's comments prompted all four of the major Aussie commercial banks to pull forward their rate hike expectations for next week's RBA meeting, and call for another increase in May. This led to a rise in cash rate expectations, with the probability of a 25bps increase next week now sitting at just over 60%, compared to around 25% a week ago.



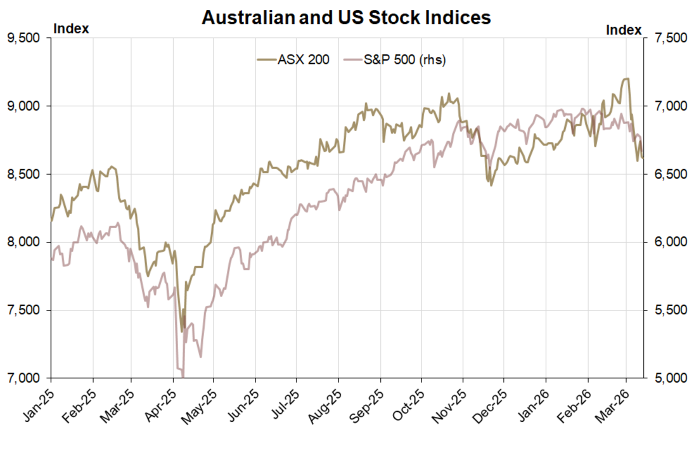
Source: Bloomberg

Equities

The sell-off in the global financial markets continued this week, with the MSCI World losing another 1.0% since last Thursday.

Wall Street saw particularly strong losses on Friday night, as increased withdrawals from some credit funds sparked fears over spillovers of the Middle Eastern conflict to broader financial markets. The sell-off came to a halt on Monday night, when US President Donald Trump suggested that the conflict was 'very complete', but the assessment that it will continue for some time prevailed in the following days.

The ASX 200 lost 2.1% this week, slightly less than the S&P 500 (2.3%). This is thanks to a turnaround in later trade today, as depressed prices attracted dip buyers. However, all sectors are closing the week in deep red, with the notable exception of energy stocks.



Source: Bloomberg

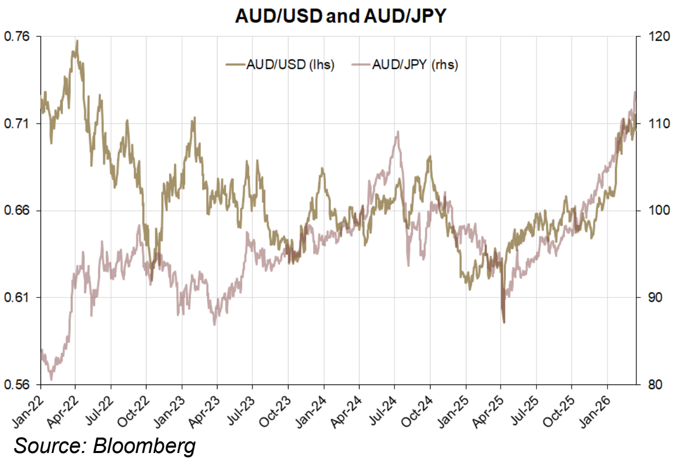
Currencies

The Australian dollar appreciated against all major currencies this week, though with a lot of volatility on the way.

The AUD benefited from the intensification of cash rate hike expectations and a rise in commodity prices this week. However, the deterioration in global market sentiment acted in the opposite direction, leading to temporary corrections in the exchange rate during the week.

The appreciation this week took the Aussie currency to its highest level since 2022 against the greenback and to a fresh multidecade high against the Japanese yen.

The AUD was easily the strongest G10 currency this week. It was also the only one, except for the Canadian dollar, that managed to appreciate against the greenback despite the flight-to-safety flows.



Source: Bloomberg

Spot Rates	Current	High	Low	Change (%)	52-Week High	52-Week Low
AUD/USD	0.7070	0.7187	0.6956	↑0.7	0.7187	0.5915
AUD/EUR	0.6143	0.6199	0.6041	↑1.6	0.6199	0.4620
AUD/GBP	0.5297	0.5349	0.5230	↑0.8	0.5349	0.4620
AUD/JPY	112.67	113.96	110.24	↑1.9	113.96	86.05
AUD/CNY	4.8684	4.9338	4.8074	↑0.8	4.9373	4.3523
EUR/USD	1.1509	1.1667	1.1500	↓0.9	1.2081	1.0733
GBP/USD	1.3347	1.3483	1.3283	↓0.1	1.3868	1.2709
USD/JPY	159.35	159.69	157.28	↑1.2	159.69	139.89
USD/CNY	6.8854	6.9284	6.8612	↓0.4	7.3511	6.8316

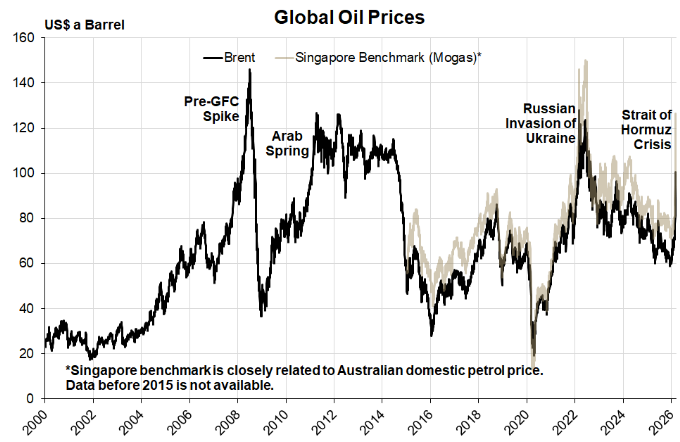
Forward Rates	Spot	3M	6M	12M
AUD/USD	0.7070	0.7063	0.7050	0.7014
AUD/EUR	0.6143	0.6110	0.6076	0.6009
AUD/GBP	0.5297	0.5292	0.5285	0.5268
AUD/JPY	112.67	111.66	110.64	108.59
AUD/NZD	1.2095	1.2042	1.1986	1.1886
AUD/SGD	0.9041	0.8972	0.8900	0.8754

Commodities

The rise in global oil prices accelerated dramatically this week, with the end of the closure of the Strait of Hormuz not in sight and ongoing attacks on oil facilities across the Middle East. Brent futures are up by a whopping 20.2% this week alone and are now marginally above US$100 a barrel at the time of writing, around the highest levels since 2022.

The spike in oil prices came despite the International Energy Agency pledging a record release of 400 million barrels, equivalent to four days of consumption and 20 days of shipping through the Strait of Hormuz. The pace and timing of the release are quite uncertain. Today also saw press reports suggesting that the Chinese authorities have ordered refiners to halt oil exports.

Among other commodities, the gold price benefited somewhat from the elevated geopolitical uncertainty. Iron ore futures also increased slightly this week, reaching their highest levels since early 2026.



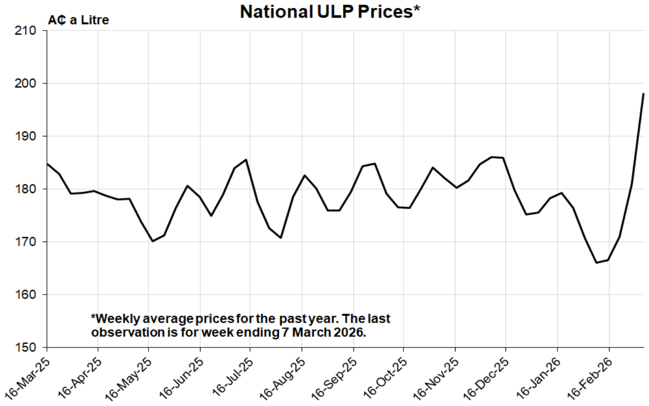
Source: Bloomberg

	Current	High	Low	Change	52-Week High	52-Week Low
Gold (US$)	$5,115.62	$5,238.64	$5,015.31	(↑$17.02)	$5,595.47	$2,933.04
Brent Crude Oil (US$)	$100.28	$119.50	$81.16	(↑$16.86)	$119.50	$58.40
Mogas95* (US$)	$125.09	$138.28	$99.40	(↑$23.72)	$138.28	$67.57
WTI Oil (US$)	$95.27	$119.48	$76.73	(↑$16.47)	$119.48	$54.98
CRB Index	365.03	365.03	348.03	(↑28.18)	365.03	279.79
Iron Ore Price 62% Fe (US$) **	$108.55	$108.95	$101.50	(↑$7.85)	$109.40	$91.70

*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.

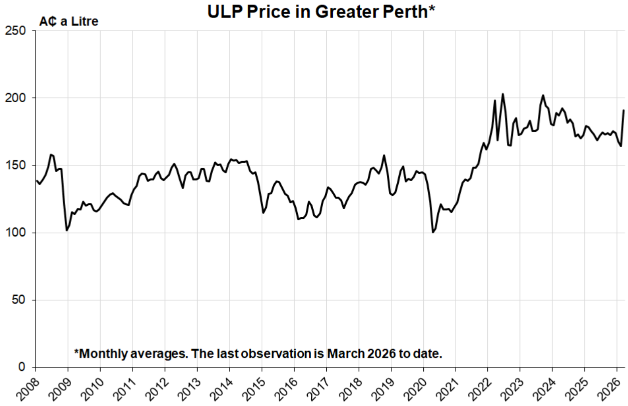
Domestic Economy

*The spike in global oil prices is being gradually passed through into **domestic fuel prices**, both nationally…*



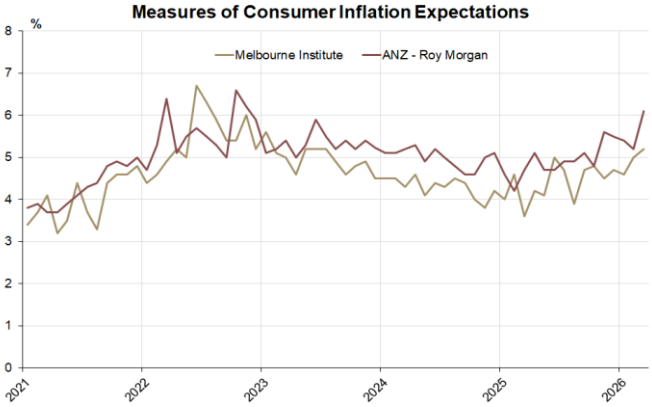
Source: Australian Institute of Petroleum

*… and in **Western Australia**.*



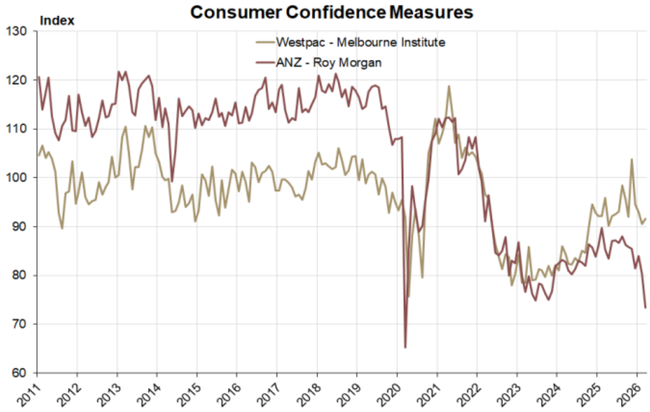
Source: FuelWatch

*Concerns over higher oil prices are reflected in a rise in **consumer inflation expectations**…*



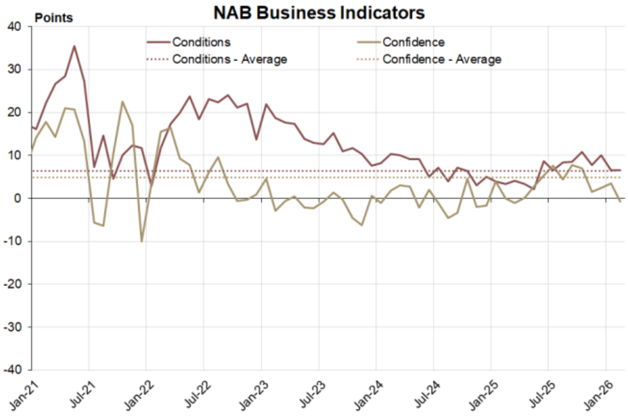
Source: Bloomberg / ANZ

*… but the evidence on the impact on **consumer confidence** is mixed.*



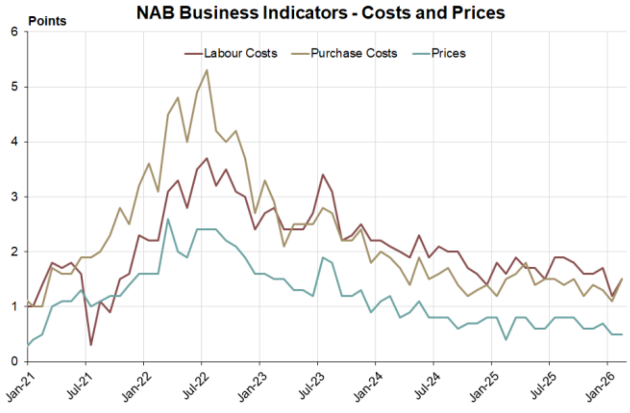
Source: Bloomberg

***NAB business confidence** deteriorated even ahead of the recent events in the Middle East.*



Source: Bloomberg

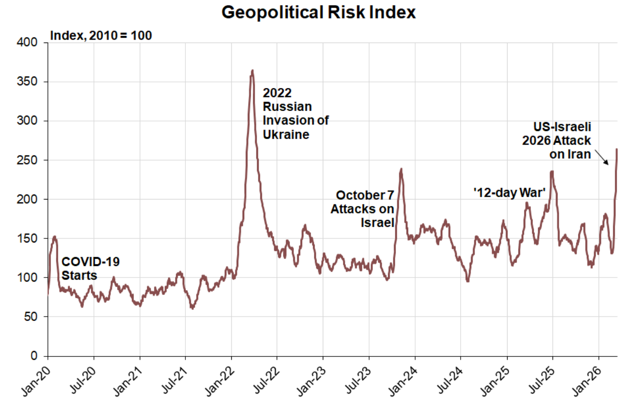
***Business cost and price pressures** appeared moderate before the rise in fuel prices.*



Source: ABS

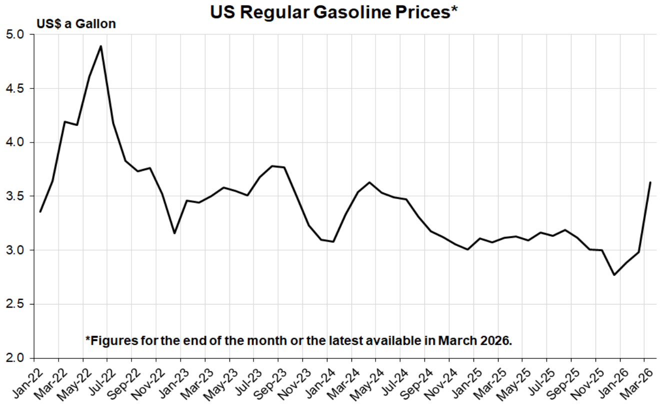
Global Economy

*The **geopolitical risk perception** continues to climb as the conflict in the Middle East escalates.*



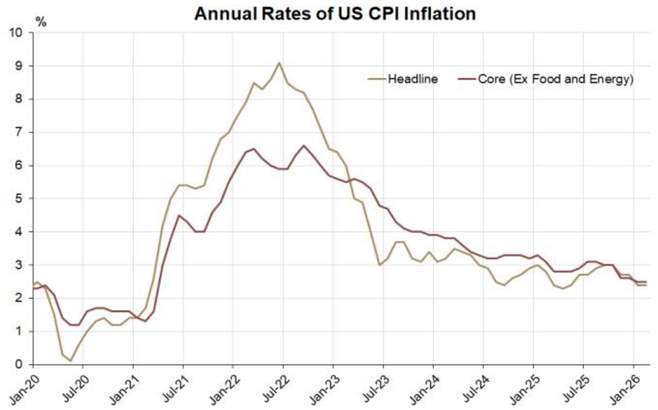
Source: Bloomberg

*Despite not being as dependent on Middle Eastern supply, **US petrol prices** picked up in early March.*



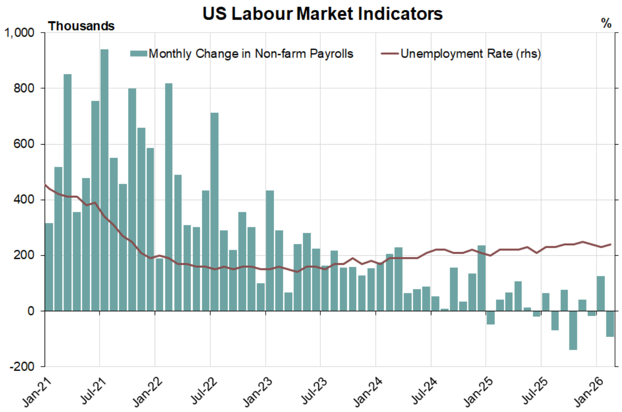
Source: Bloomberg

***US CPI inflation** was steady and quite moderate ahead of the spike in global oil prices…*



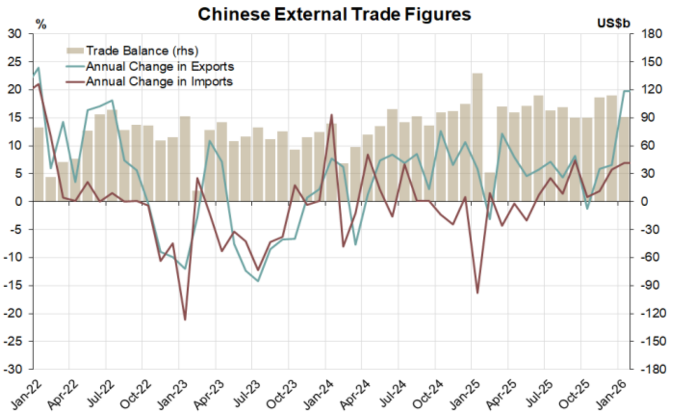
Source: Bloomberg

*… while **US headline market figures** for February were on the weaker side.*



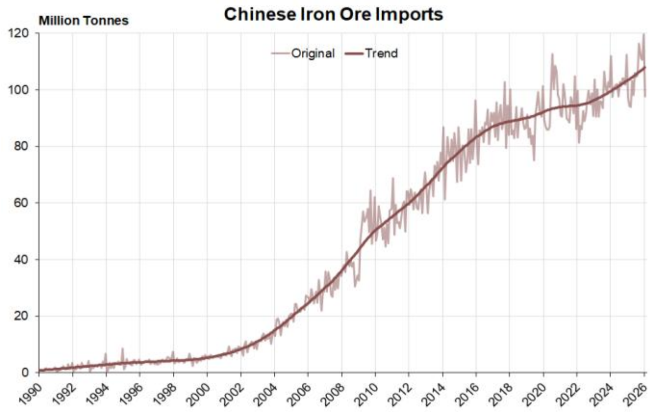
Source: Bloomberg

***Chinese trade figures** for early 2026 shows strong trade turnover, both in exports and imports.*



Source: Bloomberg

***Chinese iron ore imports** remain higher than a year ago, despite the decline in the first two months of 2026.*



Source: Bloomberg

Last Week

Date	Event	Actual	Forecast	Previous	Comment
Mon 09					
CN	CPI (YoY, Feb)	1.3%	0.9%	0.2%	Pushed up by food and services amid LNY celebrations.
CN	PPI (YoY, Feb)	-0.9%	-1.1%	-1.4%	The slowest pace of deflation since mid-2024.
US	NY Fed 1Y Inflation Exp. (Feb)				
Tue 10					
AU	NAB Business Conditions (Feb)	7	-	7	Trading conditions improved a little.
AU	NAB Business Confidence (Feb)	-1	-	4	Aussie businesses again turning sour.
AU	Westpac Cons. Sent. (MoM, Mar)	1.2%	-	-2.6%	Later survey responses were relatively pessimistic.
AU	ANZ Cons. Conf. (w/e 7 Mar)	73.4	-	77.1	ANZ measure of inflation expectations at a 3-year high.
AU	Value of Dwellings (QoQ, Q4)	3.2%	-	2.0%	Mean dwelling price up in WA exceeded A$1 million.
CN	Trade Balance (Jan-Feb)	US$212b	US$188b	-	Iron ore imports increase in the annual terms.
US	NFIB Small Business Opt. (Feb)	98.8	99.6	99.3	The details were more optimistic than the headline.
Wed 11					
US	CPI (MoM, Feb)	0.3%	0.3%	0.2%	Points to a slight upside risk to PCE inflation.
Thu 12					
AU	MI Inflation Expectations (Mar)	5.2%	-	5.0%	The highest level since early 2023.
US	Initial Jobless Claims (w/e 7 Mar)	213k	215k	214k	Continued claims little changed since December 2025.
Tonight					
UK	Monthly GDP (MoM, Jan)	-	0.2%	0.1%	Rise in manufacturing and services expected.
US	Personal Spending (MoM, Jan)	-	0.3%	0.4%	Real retail spending expected to stay flat in January.
US	PCE Price Index (MoM, Jan)	-	0.3%	0.4%	Annual rate expected to remain at 2.9%.
US	Durable Goods Orders (MoM, Jan)	-	1.1%	-1.4%	Non-defence ex aircraft orders picked up in December.
US	JOLTS Job Openings (Jan)	-	6.8m	6.5m	There were 7.4m unemployed in the US in January.
US	UoM Cons. Sent. (Mar, prel.)	-	54.6	56.6	Further deterioration expected.
US	GDP (QoQ ann., Q4, 2nd est.)	-	1.4%	1.4%	Atlanta Fed GDPNow points to an upside risk.

Next Week

Date	Event	Forecast	Previous	Comment
Mon 16				
CN	Retail Sales (YoY, Jan-Feb)	2.1%	-	Chinese consumers remain cautious.
CN	Industrial Production (YoY, Jan-Feb)	5.0%	-	Has been a major driver of Chinese growth.
CN	Urban Fixed Investment (YoY, Jan-Feb)	-4.2%	-	The fall in investment expected to drag on in early 2026.
US	Industrial Production (YoY, Feb)	0.2%	0.7%	Business report suggested a quite solid outcome.
Tue 17				
AU	RBA Decision (Cash Rate Target)	4.10%	3.85%	Expectations for a March rate hike climbed sharply this week.
Wed 18				
CA	Bank of Canada Decision (Policy Rate)	2.25%	2.25%	Rate hikes are increasingly priced in.
US	PPI (MoM, Feb)	0.2%	0.5%	Core PPI ex food and energy expected to rise by 0.3%.
US	FOMC Decision (IoRB)	3.65%	3.65%	Fed funds rate cuts no longer fully priced in for 2026.
Thu 19				
AU	Employment (monthly change, Feb)	20.0k	17.8k	Employment seen to see another steady increase.
AU	Unemployment Rate (Feb)	4.1%	4.1%	The RBA expects a gradual increase from now on.
NZ	GDP (QoQ, Q4)	0.5%	1.1%	Annual rate of growth expected to pick up to 1.7%.
JP	Bank of Japan Decision (Policy Rate)	0.75%	0.75%	Rate hike expectations intensified a bit since early March.
SE	Riksbank Decision (Policy Rate)	1.75%	1.75%	Riksbank expected to stay put for now.
CH	SNB Decision (Policy Rate)	0.0%	0.0%	The only central bank with the zero-interest rate policy now.
EZ	ECB Decision (Deposit Rate)	2.00%	2.00%	ECB rate expectations have pivoted towards tightening.
UK	Unemployment Rate (Nov-Jan)	-	5.2%	Claimant count rate suggested a rise.
Fri 20				
	No market-moving data			