MARKET UPDATES

Market Watch Weekly

21 AUGUST 2026

Highlights this week

- In Australia, employment saw an unexpected decline in July, while the unemployment rate picked up. Wages growth remained moderate in Q2. Westpac consumer sentiment improved in August, but remained weak. The S&P Global flash PMIs pointed to slower, albeit still decent expansion in August.
- Abroad, FOMC minutes came out quite hawkish, confirming a high probability of monetary policy tightening ahead. Chinese activity figures disappointed again in July.

Highlights next week

- Another busy week at home, with RBA minutes on Tuesday, CPI for July on Wednesday and household spending for July on Thursday. Q2 GDP partials are also coming out on Wednesday (construction work done) and Thursday (private sector capex).
- The highlights offshore are US personal income and its disposition report, which will include PCE inflation targeted by the Fed, as well as the Jackson Hole symposium towards the end of the week, an event well-known for major directional central banking announcements.

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	3.61	(↓1 pt)	ASX200	9072	(↓96 pt)
US (IOR)	3.65	(0 pt)	90-day Bills	4.49	(↓1 pt)	2-yr T-Notes	4.18	(↑4 pt)	S&P500	7641	(↓158 pt)
Eurozone (Deposit)	2.25	(0 pt)	3-yr T-Bond	4.55	(↑6 pt)	10-yr T-Notes	4.70	(↑6 pt)	DJIA	52759	(↓1081 pt)
UK	3.75	(0 pt)	10-yr T-Bond	5.04	(↑6 pt)	Jap 10-yr	2.88	(↓1 pt)	Nikkei	65713	(↓2596 pt)
Japan (Target)	1.00	(0 pt)	3-yr WATC Bond	4.75	(↑5 pt)	UK 10-yr	5.07	(↑11 pt)	CSI300	4593	(↓71 pt)
China (1Y LPR)	3.00	(0 pt)	10-yr WATC Bond	5.40	(↑6 pt)	Ger 10-yr	3.26	(↑13 pt)	Stoxx600	650	(↓9 pt)

Changes are since the previous issue of Market WATCh Weekly.

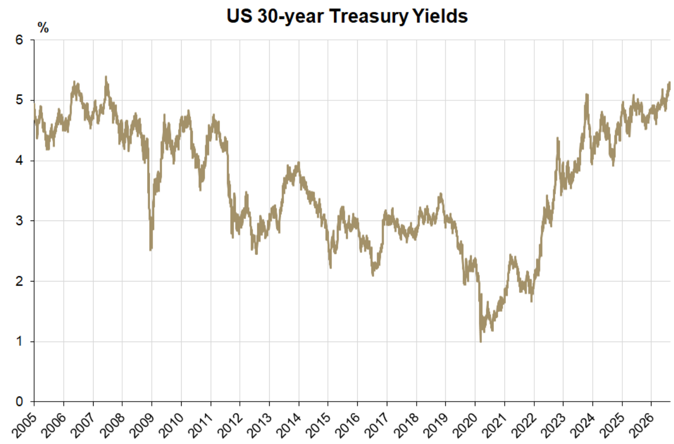
Financial Markets

Interest Rates

Government bond yields picked up across the major advanced economies this week, reflecting fresh concerns over the impacts of higher oil prices and US fiscal position. US 30-year Treasury yields increased to a 20-year high during the week. Aussie 10-year Commonwealth bond yields rose back above the 5% mark.

The announcement of the doubling of the maximum size of the longer-dated buyback operations by the US Treasury led to a temporary retreat in government bond yields on Wednesday night. However, bond yields resumed climbing on Thursday, despite US Treasury Secretary Scott Bessent announcing that buybacks could be increased even further.

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.



Source: Bloomberg

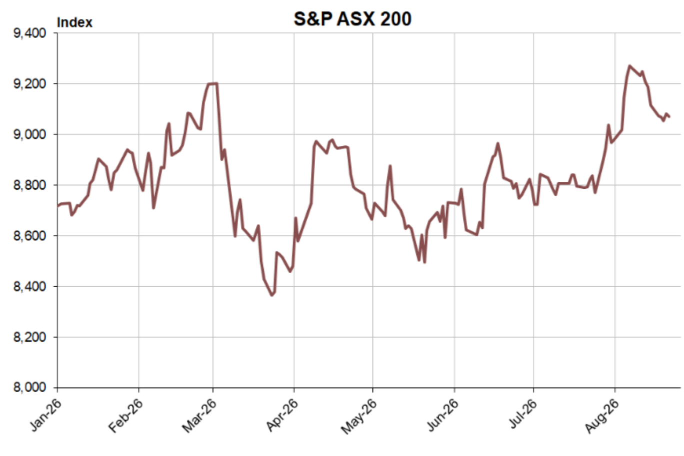
Equities

US equities were volatile over the week, whipsawed by moves in bond yields, the Iran conflict, and several earnings surprises. The S&P 500 has fallen in four of the past five sessions, with chipmakers being the main drag on the market.

The ASX 200 also had a difficult week, extending its losing streak to six consecutive sessions and falling to its lowest close since 3 August on Wednesday. The index was weighed down by the global semiconductor selloff and weakness in bank stocks.

The market rebounded on Thursday, led by miners, but opened lower again this morning.

Overall, financials were the biggest drag on the ASX 200 this week, partly offset by a strong performance from mining shares.



Source: Bloomberg

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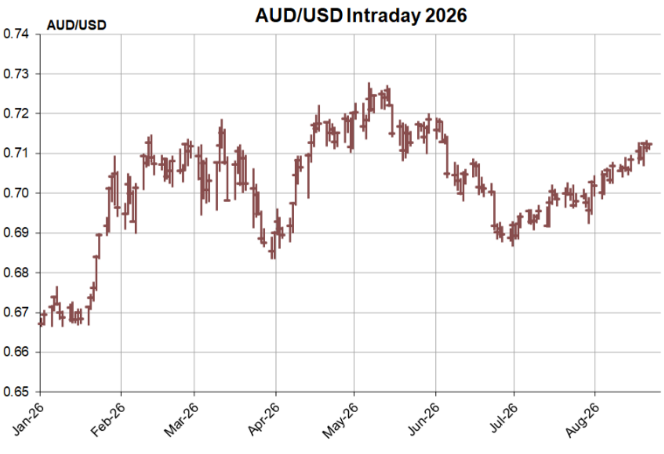
Currencies

The Australian dollar opened the week stronger but subsequently weakened against most G10 currencies, with the US dollar and Japanese yen being the main exceptions.

The depreciation reflected a deterioration in risk sentiment, as the sharp rise in oil prices renewed concerns about inflation pressures.

The rise in the AUD/USD has been largely driven by greenback weakness, with the US dollar index falling to its lowest level in three months. An announcement from the US Treasury that it was doubling buybacks of long-dated US government debt added to the greenback's weakness.

The AUD/USD remains firmly in the uptrend that began on 30 June, which has seen the AUD rise from US$0.6885 to currently trade above US$0.71.



Source: Bloomberg

Spot Rates	Current	High	Low	Change (%)	52-Week High	52-Week Low
AUD/USD	0.7123	0.7133	0.7067	↑0.8	0.7278	0.6415
AUD/EUR	0.6095	0.6149	0.6081	↓0.5	0.6207	0.4767
AUD/GBP	0.5223	0.5258	0.5211	↓0.3	0.5394	0.4767
AUD/JPY	113.32	113.61	112.23	↑0.6	114.92	94.58
AUD/CNY	4.7822	4.8042	4.7584	↑0.5	4.9567	4.5602
EUR/USD	1.1685	1.1711	1.1564	↑1.3	1.2081	1.1325
GBP/USD	1.3640	1.3659	1.3520	↑1.1	1.3868	1.3010
USD/JPY	159.09	159.78	158.03	↓0.2	163.99	145.49
USD/CNY	6.7250	6.7446	6.7211	↓0.3	7.1865	6.7211

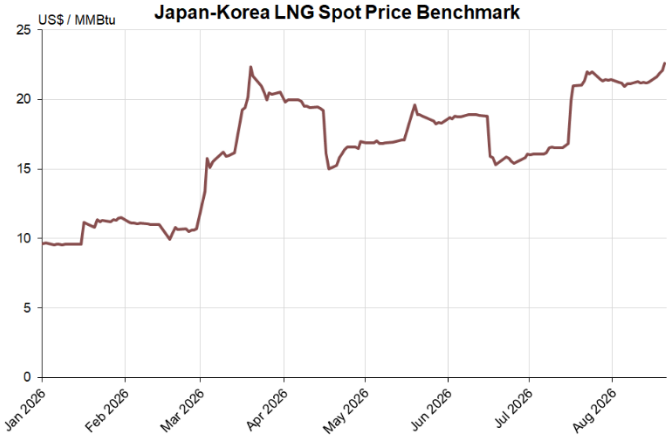
Forward Rates	Spot	3M	6M	12M
AUD/USD	0.7123	0.7112	0.7101	0.7082
AUD/EUR	0.6095	0.6065	0.6035	0.5981
AUD/GBP	0.5223	0.5215	0.5208	0.5201
AUD/JPY	113.32	112.35	111.39	109.65
AUD/NZD	1.1959	1.1912	1.1869	1.1801
AUD/SGD	0.9057	0.8987	0.8916	0.8780

Commodities

Oil prices rose to their highest level in almost a month after the 60-day truce between the US and Iran officially expired and tensions remained elevated. Washington said it was not seeking to extend the ceasefire and was not in contact with Tehran, while Iran continued to attack ships transiting the Strait in defiance of its blockade.

Despite the recent increase, oil prices remain well below the levels reached earlier in the conflict. LNG prices have risen more sharply, with the European benchmark exceeding its 2026 peak and Asian prices close to a new high. Even so, both benchmarks remain well below the levels recorded after Russia's invasion of Ukraine.

Gold prices were supported by the US Treasury's announcement that it would double buybacks of long-dated Treasuries.



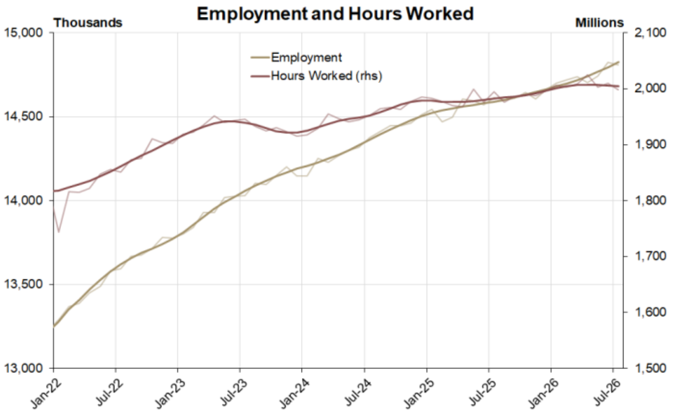
Source: Bloomberg

	Current	High	Low	Change	52-Week High	52-Week Low
Gold (US$)	$4,532.53	$4,541.00	$4,324.76	(↑$170.4)	$5,595.47	$3,321.55
Brent Crude Oil (US$)	$93.78	$94.71	$86.20	(↑$6.08)	$126.41	$58.72
Mogas95* (US$)	$114.00	$119.03	$109.53	(↑$6.23)	$150.55	$68.52
WTI Oil (US$)	$86.28	$89.00	$81.50	(↑$5.18)	$119.48	$54.98
CRB Index	403.41	403.41	391.41	(↑15.04)	406.18	291.69
Iron Ore Price 61% Fe (US$) **	$95.95	$97.10	$94.50	(↑$0.1)	$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.

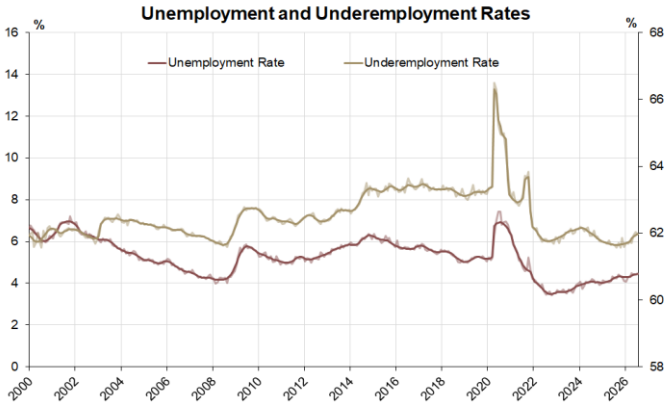
Domestic Economy

*Despite month-to-month volatilities, **employment** is trending upwards, while hours worked are directionless.*



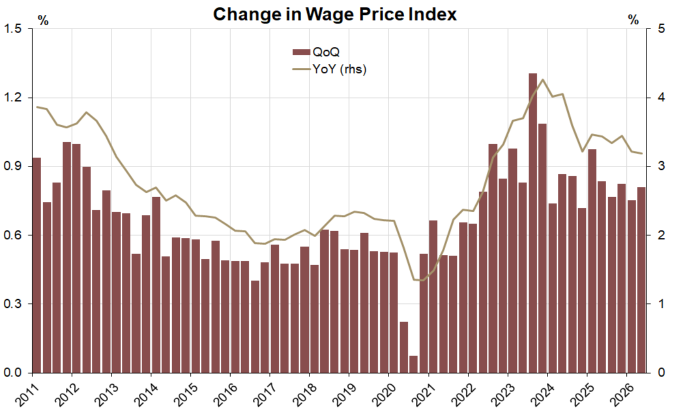
Source: ABS

*The **unemployment and underemployment rates** are also trending up, but remain low by historical standards.*



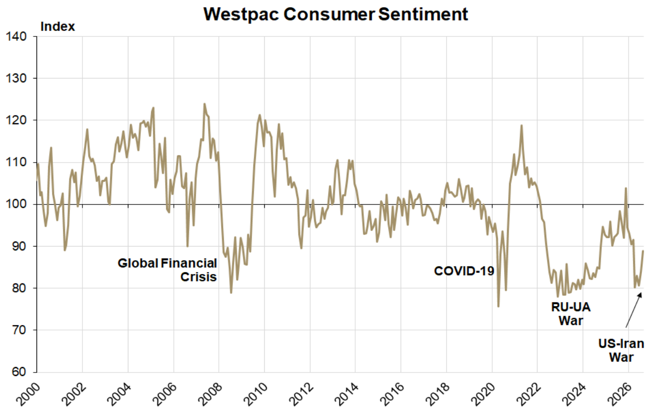
Source: ABS

***Annual wages growth** continues to moderate but remains somewhat steeper than before COVID-19.*



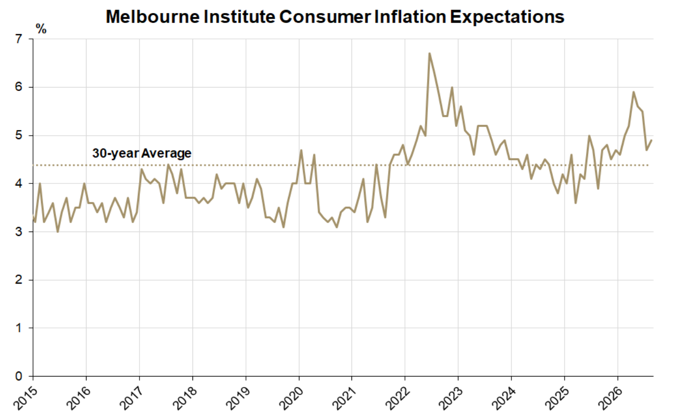
Source: ABS

***Westpac consumer sentiment** improved significantly in August, but remained depressed.*



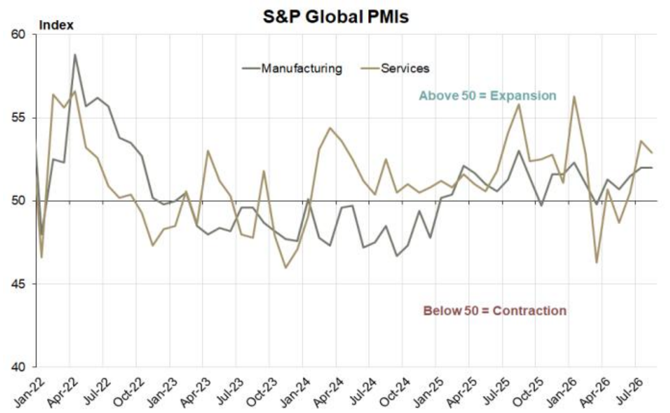
Source: Bloomberg

***Melbourne Institute inflation expectations** picked up a little in August but remain off their recent peak.*



Source: Bloomberg

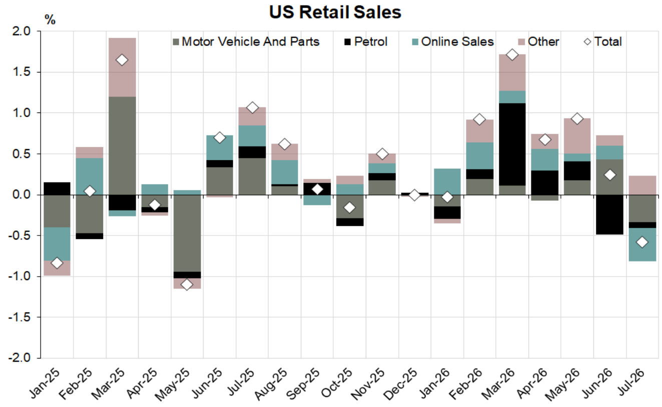
*The **S&P Global PMIs** pointed to a slightly slower, albeit decent, pace of expansion in Aussie services in August.*



Source: Bloomberg

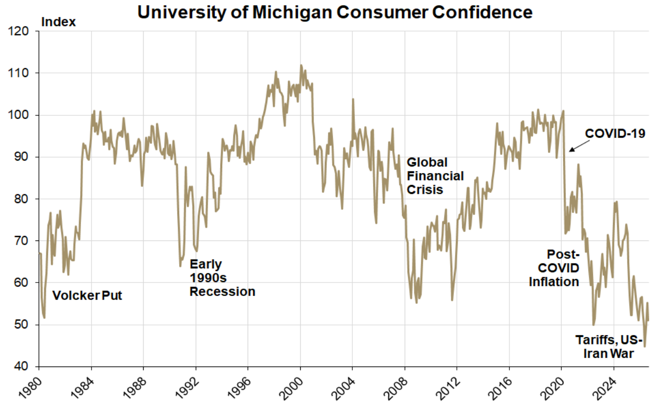
Global Economy

***US retail sales** fell most in over two years in July, dragged down by petrol, cars and online sales…*



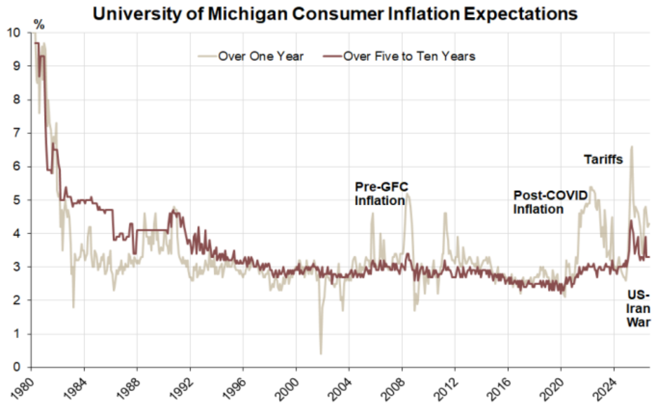
Source: Bloomberg

*… as **US consumer sentiment** remains depressed and started to decline again.*



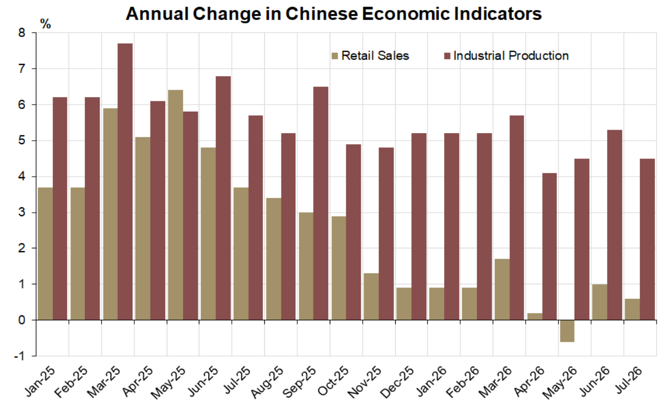
Source: Bloomberg

***US consumer inflation expectations** have eased from their recent peaks but remain somewhat heightened.*



Source: Bloomberg

*Across the Pacific, **Chinese retail sales** growth remains sluggish, while industrial production slowed a little…*

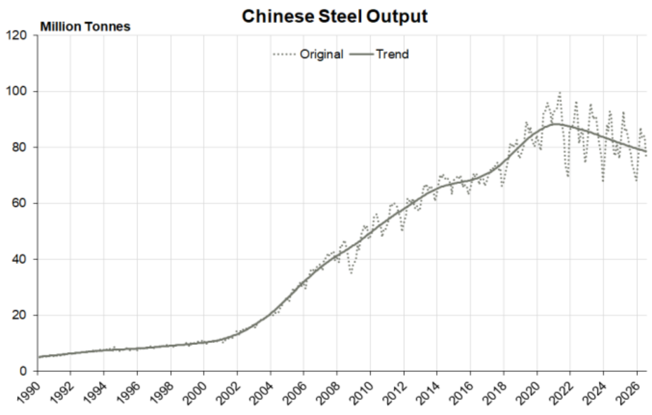


Source: Bloomberg

*… while the downturn in **Chinese investment** keeps deepening, to be the strongest on record.*

Source: Bloomberg

*The retreat in Chinese investment is weighing on **steel output**, which is however quite by historical standards.*



Source: Bloomberg

Last Week

Date	Event	Actual	Forecast	Previous	Comment
Mon 17					
JP	GDP (QoQ, Q2)				
CH	Retail Sales (YoY, Jul)	0.6%	1.5%	1.0%	Fading impact of subsidies weighing on growth.
CH	Industrial Production (YoY, Jul)	4.5%	5.0%	5.3%	Steel output down by 3.4% YoY.
CH	Urban Investment (YoY YtD, Jul)	-6.7%	-6.2%	-5.7%	Property investment down by 18.9%, most on record.
Tue 18					
AU	Westpac Cons. Sent. (MoM, Aug)	6.0%	-	4.1%	The level of the sentiment index still depressed at 88.9.
UK	Unemployment Rate (Apr-Jun)	4.9%	4.8%	4.9%	Employment growth slowed, but still above average.
US	Industrial Production (Jul)	0.2%	0.3%	0.3%	There was an upward revision of the June figures.
Wed 19					
AU	Wage Price Index (QoQ, Q2)	0.8%	0.8%	0.8%	Contribution of individual agreements is on a decline.
UK	CPI (MoM, Jul)	0.3%	0.3%	0.1%	Increase caused mainly by a hike to energy costs floor.
US	FOMC Minutes	-	-	-	‘Many’ participants believe rate hikes might be needed.
Thu 20					
AU	Employment (monthly change, Jul)	-15.8k	12.0k	80.2k	A decline follows an upwardly revised surge in June.
AU	Unemployment Rate (Jul)	4.5%	4.4%	4.4%	Trend unemployment rate also ticked up to 4.5%.
AU	MI Consumer Inflation Exp. (Aug)	4.9%	-	4.7%	Remains off its recent highs.
CH	PBoC Announcement (5Y LPR)	3.50%	3.50%	3.50%	One-year loan prime rate was also unchanged at 3.00%.
US	Initial Jobless Claims (w/e 15 Aug)	206k	210k	212k	Continued claims approached 1.8m in w/e 8 August.
Fri 21					
AU	S&P Global Composite PMI (Aug)	52.5	-	53.2	Slowdown driven by services, manufacturing PMI steady.
JP	CPI (YoY, Jul)	1.9%	1.9%	1.6%	‘Core-core’ inflation also picked up to 1.9% vs 2% goal.
JP	S&P Global Composite PMI (Aug)	53.4	-	52.7	Expansion in manufacturing the strongest since April.
Tonight					
EZ	S&P Global Composite PMI (Aug)	-	-	52.0	Expansion accelerated, but is still moderate.
UK	S&P Global Composite PMI (Aug)	-	51.6	52.2	Emerged from a short-lived contraction in July.
US	S&P Global Composite PMI (Aug)	-	-	54.5	Expansion in the US remains strong.

Next Week

Date	Event	Forecast	Previous	Comment
Mon 24				
	No market moving data			
Tue 25				
AU	RBA Monetary Policy Board Minutes	-	-	More insights into deliberations on an undelivered rate hike.
US	Conference Board Cons. Conf. (Aug)	90.2	90.8	University of Michigan equivalent fell in August.
US	C-S Hse Price 20 Cities (MoM, Jun)	0.1%	0.2%	Resumed growing in May.
Wed 26				
AU	CPI (YoY, Jul)	3.5%	3.8%	Annual trimmed mean to remain unchanged at 3.6%.
AU	Westpac Leading Index (MoM, Jul)	-	0.0%	Six-month annualised growth pointed to sub-trend growth.
AU	Construction Work Done (QoQ, Q2)	1.0%	3.4%	The strong Q1 outcome driven by engineering.
US	Personal Spending (MoM, Jul)	0.1%	0.3%	Retail sales figures suggested a weak result.
US	PCE Price Index (MoM, Jul)	0.1%	-0.1%	US CPI and PPI reports were encouraging.
US	Durable Goods Orders (MoM, Jul)	0.5%	0.5%	Core orders expected to rise by 0.9% versus 1.2%.
US	GDP (QoQ annualised, Q2)	1.5%	1.5%	First estimate dragged down by inventories and net exports.
Thu 27				
AU	Household Spending (MoM, Jul)	-	0.8%	Aussie households appear resilient to the US-Iran conflict.
AU	Private Sector Capex (QoQ, Q2)	2.0%	6.5%	Q1 surge caused by the investment boom in data centres.
Fri 28				
US	Jackson Hole Symposium	-	-	Well-known for major directional announcements.