Market Watch Weekly

11 SEPTEMBER 2026

Highlights this week

- In Australia, NAB business conditions deteriorated to the lowest level in six years in August, with business confidence also easing. Westpac consumer confidence saw a renewed drop in September, while Melbourne Institute consumer inflation expectations were unchanged above the long-term average. The RBA talk remained hawkish.
- Offshore, tensions in the Middle East escalated this week, pushing oil prices above US$100 a barrel. The annual rate of US PPI inflation rose more than expected in August. Chinese trade figures remained strong in August, with exports and imports still growing in double-digits.

Highlights next week

- It will be a big week in central banking, with the FOMC, Bank of England and Bank of Japan decisions all due. Markets are split on the prospect of a fed funds rate hike, while a Bank of Japan rate hike is largely priced in and the Bank of England is expected to stay on hold.
- At home, there will be a lot of RBA speak again, with RBA Assistant Governor Sarah Hunter to speak on Monday and all RBA top officials to appear before a House of Representatives committee on Friday.
- The most important data releases next week will be US and Chinese activity data for August, with another set of poor Chinese indicators expected.

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	3.68	(↑3 pt)	ASX200	8710	(↓294 pt)
US (IOR)	3.65	(0 pt)	90-day Bills	4.67	(↑7 pt)	2-yr T-Notes	4.58	(↑24 pt)	S&P500	7592	(↓156 pt)
Eurozone (Deposit)	2.50	(↑25 pt)	3-yr T-Bond	5.04	(↑28 pt)	10-yr T-Notes	4.97	(↑20 pt)	DJIA	52064	(↓1622 pt)
UK	3.75	(0 pt)	10-yr T-Bond	5.38	(↑21 pt)	Jap 10-yr	2.99	(↑8 pt)	Nikkei	63460	(↓1310 pt)
Japan (Target)	1.00	(0 pt)	3-yr WATC Bond	5.24	(↑29 pt)	UK 10-yr	5.37	(↑24 pt)	CSI300	4476	(↓98 pt)
China (1Y LPR)	3.00	(0 pt)	10-yr WATC Bond	5.75	(↑23 pt)	Ger 10-yr	3.50	(↑16 pt)	Stoxx600	636	(↓13 pt)

Changes are since the previous issue of Market WATCh Weekly.

Financial Markets

Interest Rates

Government bond yields surged further this week, as monetary policy tightening expectations intensified across the major advanced economies. The ascent started on last Friday, following the upside surprise to US non-farm payrolls, and continued throughout the week as oil prices climbed amid a re-escalation of tensions in the Middle East.

US 10-year yields have approached their fresh 3-year high, while their Aussie equivalents picked up to the highest level since 2011.

The ECB increased its policy rates by 25bps, as expected, taking the deposit rate to 2.50%. The central bank also revised its inflation forecast upwards, and the post-meeting press conference was quite hawkish. This prompted market participants to intensify their rate hike expectations, with another 25bps virtually fully priced in for October.

At home, RBA Deputy Governor Andrew Hauser, in a media interview, and Assistant Governor Sarah Hunter, at the AFR Property Summit, both reinforced that inflation remains the Bank's primary concern and that it will raise rates further if required.

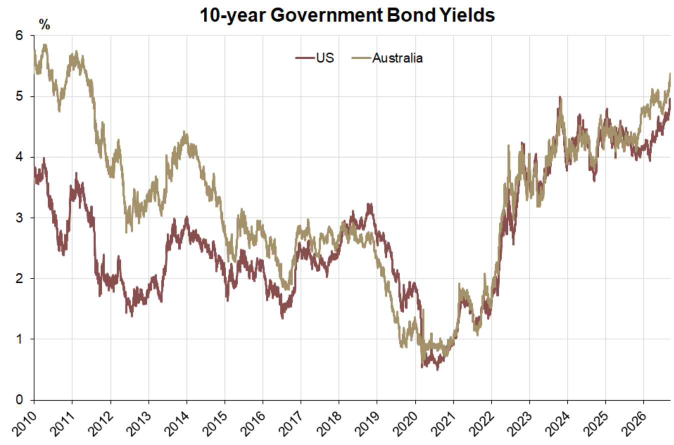
Equities

Equities fell through the week amid rising concerns of central bank interest rate increases and as higher bond yields weighed on valuations.

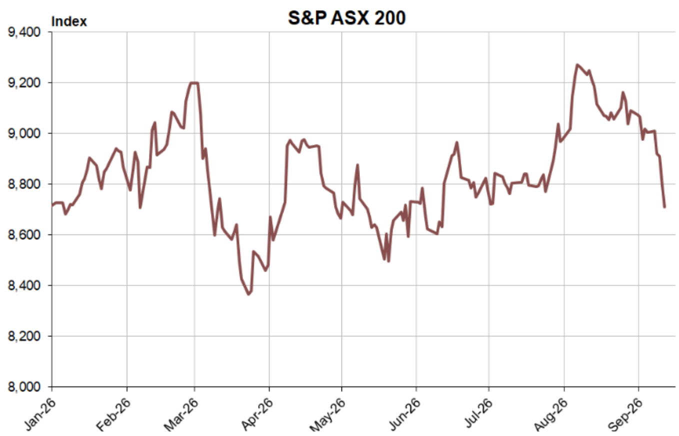
Australian equities have been among the weakest of the developed markets. The ASX 200 has fallen in four of the past five days and appears on track for its worst week since early March. The index is currently at its lowest level since mid-June.

Financials and miners were the biggest drags on the ASX, however, almost all sectors except energy and utilities posted declines.

In the US, the S&P 500 slipped to its lowest level since late July, extending the broader valuation pressure from higher bond yields.



Source: Bloomberg



Source: Bloomberg

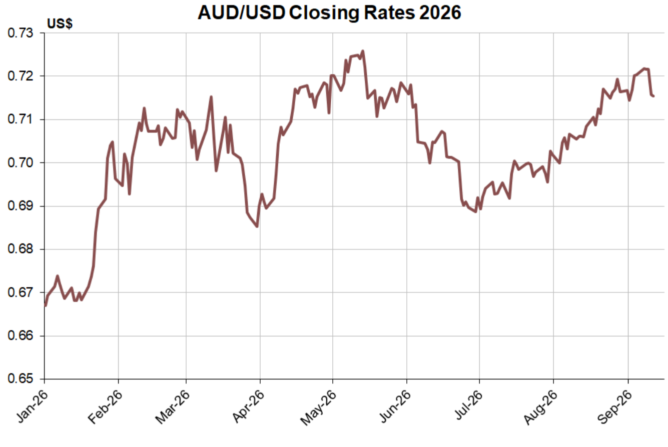
Currencies

The Australian dollar started the week on firmer footing, rising to its highest level against the US dollar since May by Wednesday. The move was supported in part by broad-based weakness in the greenback.

However, the AUD reversed course on Thursday as Middle East tensions intensified, and the US dollar regained ground.

The pullback left the Australian dollar among the weakest G10 currencies this week, with only the Swedish krona, New Zealand dollar and Swiss franc underperforming.

The Japanese yen was the strongest G10 currency, supported by expectations that the Bank of Japan will continue to normalise policy and reduce the appeal of carry trades. Comments from the US Treasury Secretary added to upward pressure by suggesting the BOJ could surprise markets at next week's meeting.



Source: Bloomberg

Spot Rates	Current	High	Low	Change (%)	52-Week High	52-Week Low
AUD/USD	0.7155	0.7238	0.7153	↓0.7	0.7278	0.6421
AUD/EUR	0.6165	0.6218	0.6161	↓0.5	0.6218	0.4796
AUD/GBP	0.5299	0.5338	0.5292	↓0.5	0.5394	0.4796
AUD/JPY	110.54	112.61	110.23	↓1.7	114.96	96.26
AUD/CNY	4.8023	4.8545	4.8007	↓0.8	4.9567	4.5602
EUR/USD	1.1607	1.1654	1.1592	↓0.2	1.2081	1.1325
GBP/USD	1.3503	1.3568	1.3491	↓0.2	1.3868	1.3010
USD/JPY	154.48	156.28	152.89	↓1	163.99	145.49
USD/CNY	6.7108	6.7135	6.7060	↓0.1	7.1431	6.7060

Forward Rates	Spot	3M	6M	12M
AUD/USD	0.7155	0.7144	0.7134	0.7114
AUD/EUR	0.6165	0.6134	0.6106	0.6052
AUD/GBP	0.5299	0.5290	0.5284	0.5277
AUD/JPY	110.54	109.59	108.63	106.75
AUD/NZD	1.2313	1.2263	1.2218	1.2142
AUD/SGD	0.9075	0.9006	0.8934	0.8785

Commodities

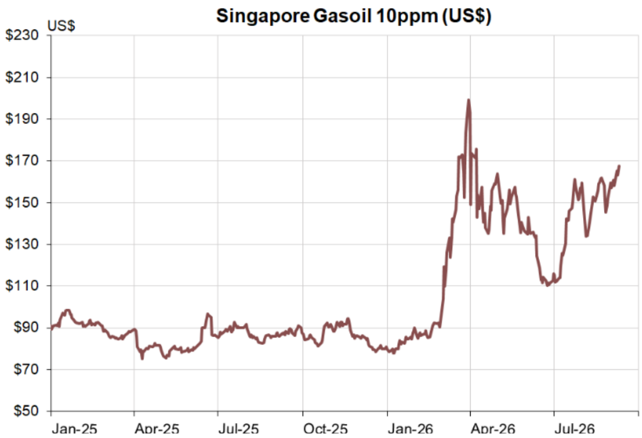
Oil prices are on track for their largest weekly gain since mid-July, supported by escalating tensions in the Middle East, with Brent crude futures rising to their highest level since May.

Refined product prices also moved higher, with the benchmark Singapore diesel price (Singapore gasoil) reaching its highest level since early April. The 95-octane petrol benchmark (Mogas 95) hit its highest since March this morning before easing slightly.

Attacks on shipping in the Strait of Hormuz have pushed tanker charter costs sharply higher. The Baltic tanker index has risen 21% since last Friday, reaching its highest level since April and leaving it 157% higher since the start of the year.

Elsewhere, iron ore futures slipped to three-week lows, while gold prices were weighed down by higher bond yields.

Copper prices hit all-time highs before falling late in the week amid reports the Trump administration will delay its decision on whether to extend tariffs on refined copper imports.



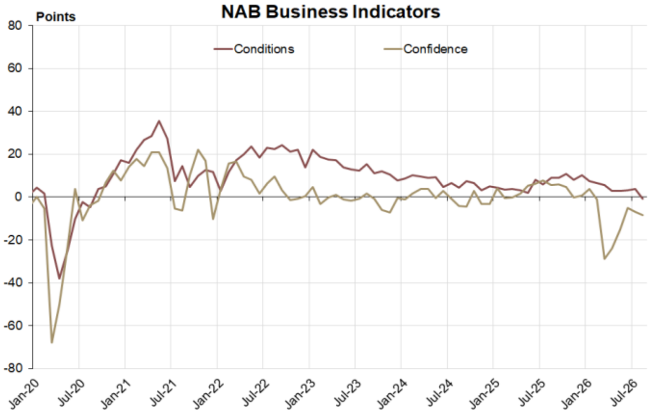
Source: Bloomberg

	Current	High	Low	Change	52-Week High	52-Week Low
Gold (US$)	$4,322.86	$4,442.96	$4,311.40	(↓$151.09)	$5,595.47	$3,614.02
Brent Crude Oil (US$)	$107.76	$109.97	$95.97	(↑$11.98)	$126.41	$58.72
Mogas95* (US$)	$135.76	$137.94	$118.41	(↑$17.91)	$150.55	$68.52
WTI Oil (US$)	$102.70	$104.46	$88.72	(↑$10.9)	$119.48	$54.98
CRB Index	429.15	429.15	416.41	(↑12.45)	429.15	291.69
Iron Ore Price 61% Fe (US$) **	$96.50	$101.35	$96.45	(↓$2.8)	$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.

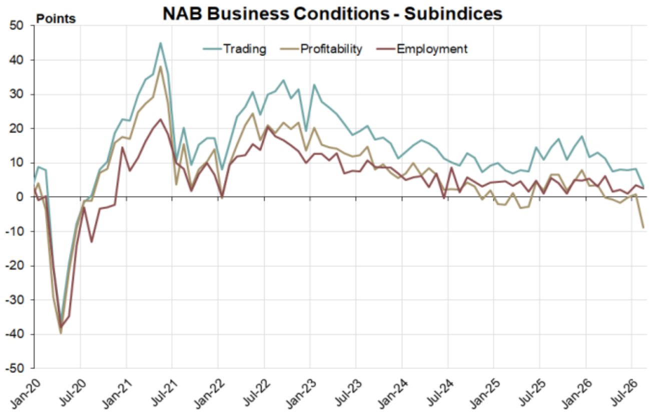
Domestic Economy

***NAB business conditions** deteriorated in August, to reach the lowest level in six years.*



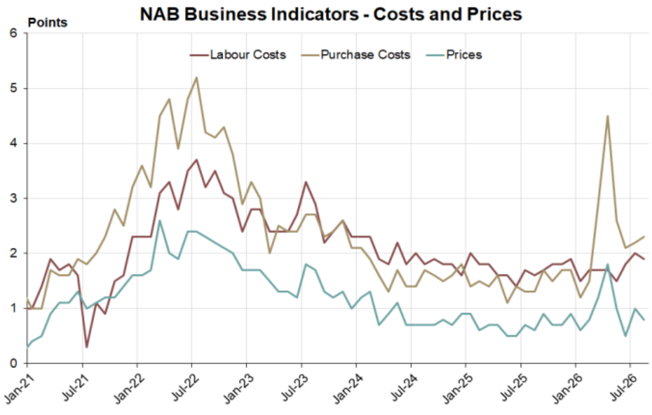
Source: Bloomberg

*Deterioration in business conditions was driven primarily by a drop in **profitability and trading conditions**.*



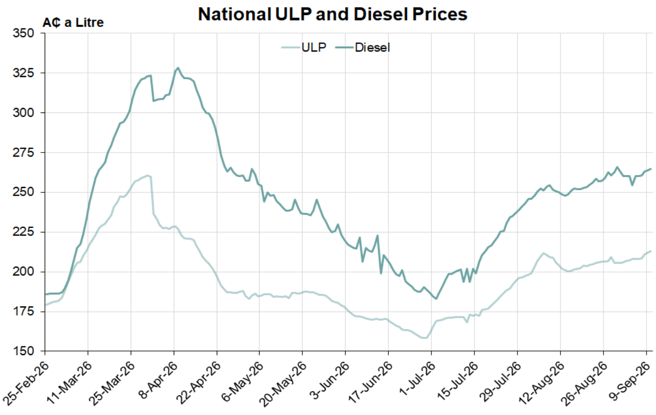
Source: Bloomberg

*Although well below the early 2026 highs, **purchase cost** growth remains solid.*



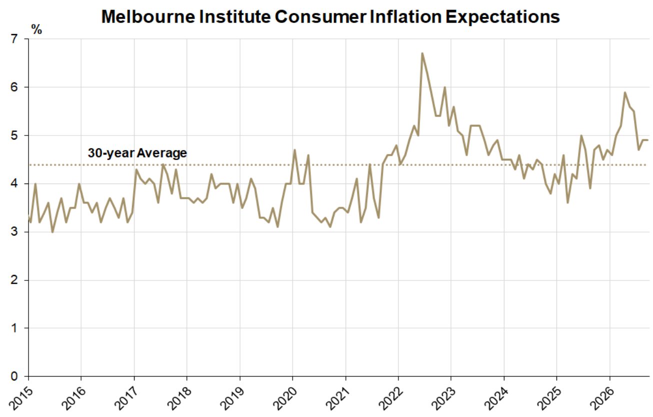
Source: Bloomberg

*The costs of **automotive fuel** are on a slow but steady rise.*



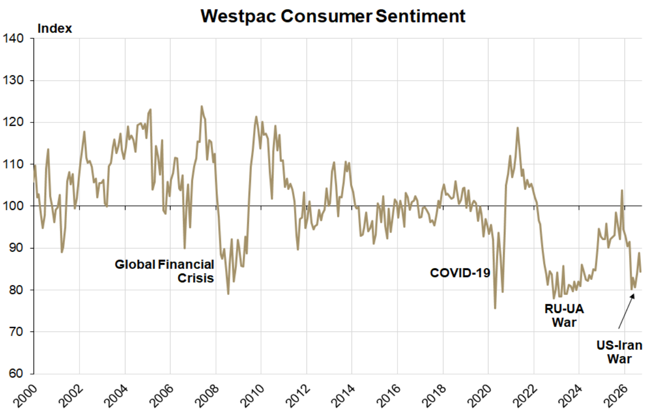
Source: Bloomberg

***Melbourne Institute inflation expectations** remain above the long-term average, but off their recent highs.*



Source: Bloomberg

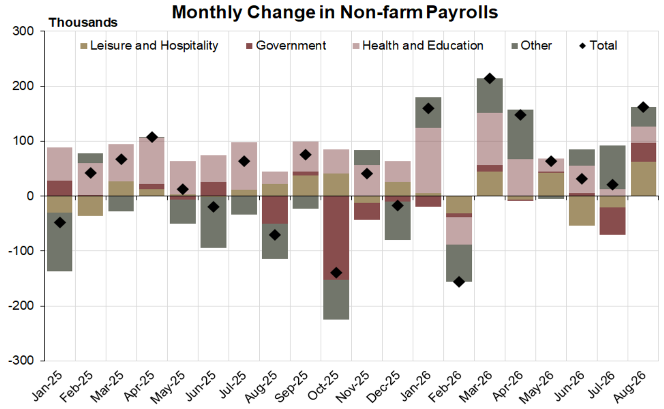
*The end of the fuel excise cut and renewed cash rate hike expectations saw **consumer sentiment** drop in August.*



Source: Bloomberg

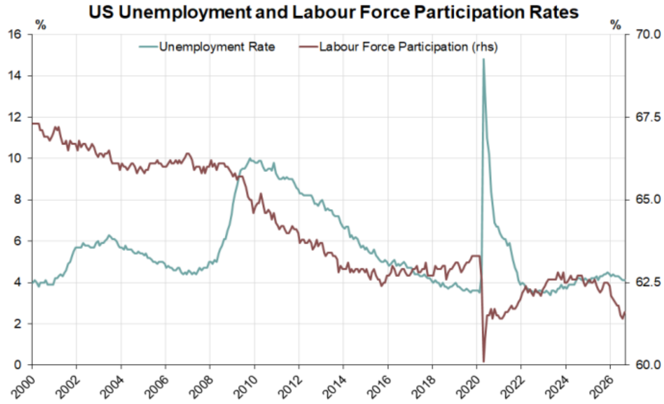
Global Economy

***US non-farm payrolls** saw a solid gain in August, supported by a rebound in the hospitality sector.*



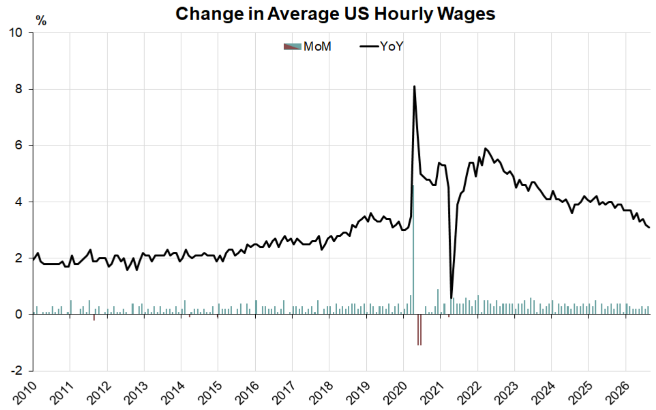
Source: Bloomberg

*… while the **US unemployment rate** and participation rate remain very low.*



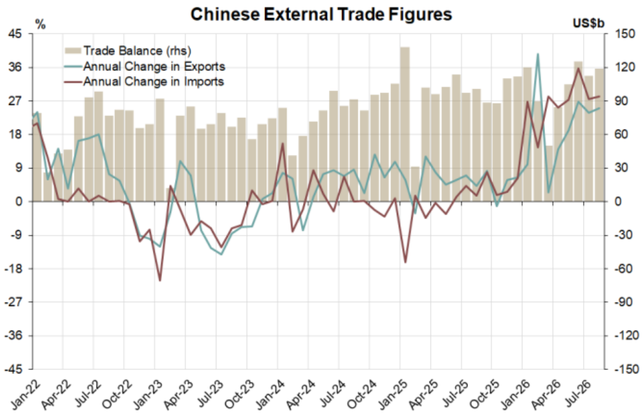
Source: Bloomberg

*Despite firm labour conditions, **US wage pressure** appears to be easing.*



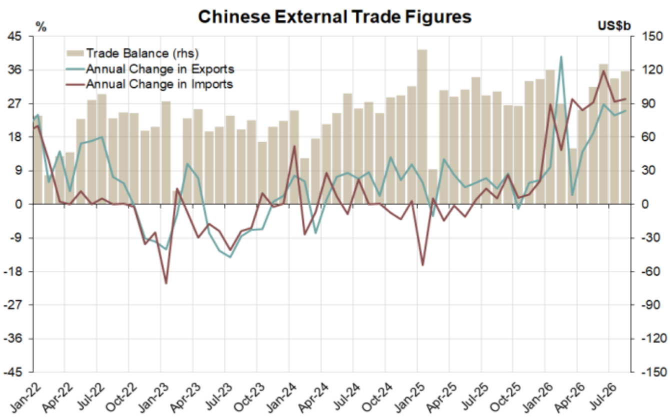
Source: Bloomberg

***US PPI inflation** rose more than expected in August.*



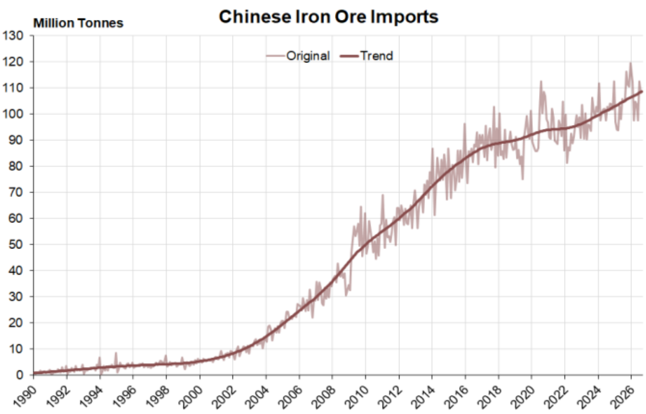
Source: Bloomberg

*The **Chinese trade data** remain strong, with exports and imports growing in double-digits.*



Source: Bloomberg

*Despite month-to-month volatility, **Chinese iron ore imports** continue to trend upwards.*



Source: Bloomberg

Last Week

Date	Event	Actual	Forecast	Previous	Comment
Mon 07					
	No market-moving data.				
Tue 08					
AU	NAB Business Conditions (Aug)	-1	-	4	The lowest level since August 2020.
AU	NAB Business Confidence (Aug)	-8	-	-7	Still weak, despite improving from early 2026 lows.
AU	Westpac Cons. Sent. (MoM, Sep)	-5.2%	-	6.2%	Dragged down by worse assessment of personal finance.
AU	RBA Deputy Governor A. Speaks	-	-	-	If there is 'a sense' inflation is above the forecasts…
AU	RBA Assistant Governor Speaks	-	-	-	… rate hikes so far might not be enough.
CH	Trade Balance (Aug)	US$119b	US$119b	US$112b	Exports and imports still growing in double-digits.
US	NFIB Small Business Opt. (Aug)	98.7	99.3	99.8	Concerns over labour availability on top of the list.
US	NY Fed 1Y Infl. Exp. (Aug)	3.6%	3.6%	3.6%	3Y and 5Y expectations unchanged at 3.6% and 3.0%.
Wed 09					
CH	CPI (YoY, Aug)	0.8%	0.8%	0.5%	Core inflation picked up by 0.1ppts to the still-low 1.0%.
CH	PPI (YoY, Aug)	3.8%	3.6%	3.5%	Chinese cost pressures are rising.
Thu 10					
AU	MI Inflation Expectations (Sep)	4.9%	-	4.9%	Off their recent highs, but above the long-run average
EZ	ECB Decision (Deposit Rate)	2.50%	2.50%	2.25%	Another hike is nearly fully priced in for October.
US	PPI (MoM, Aug)	0.4%	0.4%	0.0%	Annual PPI inflation up 0.6ppts to 5.4%.
US	Initial Jobless Claims (w/e 5 Sep)	206k	205k	207k	Continued claims were also little changed in w/e 5 Sep.
Tonight					
UK	Monthly GDP (MoM, Jul)	-	0.0%	0.3%	Business surveys pointed to further growth in GDP.
US	CPI (MoM, Aug)	-	0.4%	0.1%	Key indicator for the FOMC decision in September.
US	UoM Consumer Conf. (Sep, prel.)	-	51.0	51.7	US consumers remain downbeat.

Next Week

Date	Event	Forecast	Previous	Comment
Mon 14				
AU	RBA Assistant Governor Speaks	-	-	Fireside chat at a regions summit in Canberra.
Tue 15				
CH	Retail Sales (YoY, Aug)	0.9%	0.6%	Chinese consumer demand remains weak.
CH	Industrial Production (YoY, Aug)	4.8%	4.5%	Supported in part by demand for electric vehicles.
CH	Urban Fixed Asset Inv. (YoY YtD, Aug)	-7.1%	-6.4%	The pace of decline is the steepest since the height of COVID.
Wed 16				
AU	Westpac Leading Index (MoM. Aug)	-	0.0%	Continues to point to sub trend growth ahead.
UK	CPI (YoY, Aug)	-	2.9%	Has been above the BoE's goal largely since mid-2021.
US	Retail Sales (MoM, Aug)	0.8%	-0.6%	The rebound partly due to higher petrol prices.
US	FOMC Decision (IoRB)	3.65%	3.65%	A rate hike around 60% priced in.
Thu 17				
NZ	GDP (QoQ, Q2)	0.1%	0.8%	Annual rate of growth to accelerate by 0.7ppts to 2.2%.
UK	Bank of England Decision (Bank Rate)	3.75%	3.75%	A hike expected in late 2026.
Fri 18				
AU	RBA Governor Michele Bullock Speaks	-	-	Appearance before a House of Representatives committee.
JP	Bank of Japan Decision (Policy Rate)	1.25%	1.00%	A supersized hike expected by some.
US	Industrial Production (MoM, Aug)	0.3%	0.2%	Business reports suggest another gain.