MARKET UPDATES

Market Watch Weekly

24 JULY 2026

Highlights this week

- In Australia, employment saw the strongest rise in over a year, while the unemployment rate held steady at a moderate level in June. The S&P Global flash PMI for July saw a pick-up in business activity growth, while the Westpac leading index pointed to subpar growth ahead.
- Abroad, the ECB left the deposit facility rate unchanged at 2.25%, while the UK CPI figures came out mixed, though annual inflation rates remained above the Bank of England's goal.

Highlights next week

- The key domestic events next week will be the CPI on Wednesday and dwelling approvals on Tuesday; both releases are for June. Next week will also see the Q2 international trade price indices on Thursday and Q2 PPI on Friday. There will some public appearances by RBA officials, with Governor Michele Bullock speaking on Tuesday and Assistant Governor Sarah Hunter having a fireside chat on Thursday.
- Data highlights offshore will include the US Q2 GDP figures, US personal spending and PCE inflation for June, as well as the Chinese NBS PMIs. It will be a big week for central banking, with decisions from the FOMC, Bank of England, and Bank of Japan all due, though though no changes are 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	3.73	(↑8 pt)	ASX200	8756	(↓86 pt)
US (IOR)	3.65	(0 pt)	90-day Bills	4.54	(↑8 pt)	2-yr T-Notes	4.36	(↑22 pt)	S&P500	7408	(↓125 pt)
Eurozone (Deposit)	2.25	(0 pt)	3-yr T-Bond	4.72	(↑23 pt)	10-yr T-Notes	4.71	(↑16 pt)	DJIA	51712	(↓841 pt)
UK	3.75	(0 pt)	10-yr T-Bond	5.08	(↑17 pt)	Jap 10-yr	2.83	(↑11 pt)	Nikkei	64569	(↓2267 pt)
Japan (Target)	1.00	(0 pt)	3-yr WATC Bond	4.92	(↑22 pt)	UK 10-yr	5.10	(↑14 pt)	CSI300	4667	(↓32 pt)
China (1Y LPR)	3.00	(0 pt)	10-yr WATC Bond	5.48	(↑16 pt)	Ger 10-yr	3.20	(↑7 pt)	Stoxx600	639	(↓4 pt)

Changes are since the previous issue of Market WATCh Weekly.

Financial Markets

Interest Rates

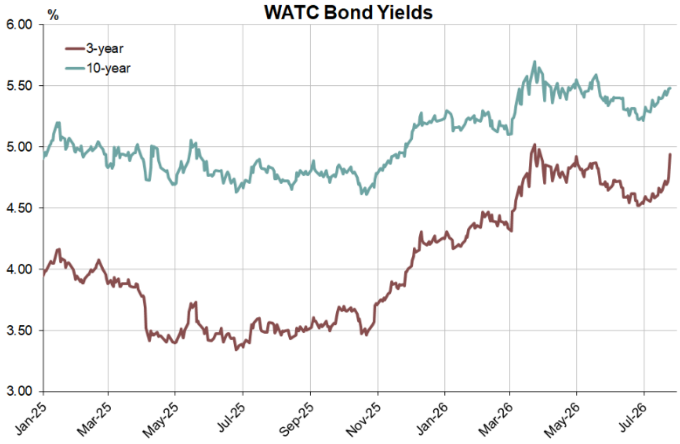
Global bond yields have been pushed higher by renewed inflation concerns amid a sharp rise in oil prices and inflation expectations as the Middle East war escalated further.

The change in outlook saw traders increase pricing for a Fed interest rate hike this year, with 44bps of increases in 2026 priced into the fed funds futures curve, up from 32bps this time last week.

Pricing for an RBA cash rate hike was boosted by stronger than expected employment growth in June, and higher oil prices which added to concerns over inflation. The cash rate futures market is currently pricing in a 43% chance of a 25bps RBA cash rate increase in August, up from around 15% last Friday, with a rise fully priced in by the end of the year.

The European Central Bank left policy rates unchanged, as expected, overnight after raising rates in June, but is expected to resume tightening at its next meeting in September.

The increase in RBA cash rate expectations and higher global bond yields have pushed Australian Government bond yields to two-month highs, with the 10-year yield climbing back above 5.0%. The increases have also driven WATC yields higher.



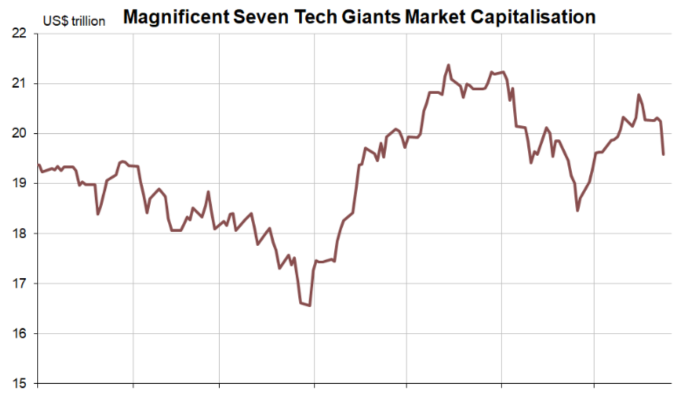
Source: Bloomberg

Equities

Surging oil prices and rising expectations for central bank interest rate hikes weighed on equity markets this week. While additional downward came from a renewed selloff in tech shares amid concerns over whether future expected earnings justify current high valuations and heavy AI data centre spending.

A gauge of the biggest tech names on Wall St has slumped 8.5% or US$1.2 trillion, over the past 1 ½ weeks.

The Australian share market held up well through most of the week but slipped back after the labour force report and rising oil prices boosted RBA rate hike expectations, and the selloff in global markets gathered pace.



Source: Bloomberg

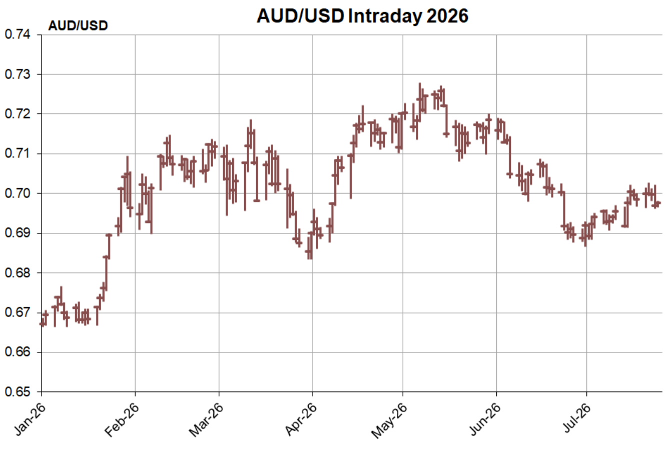
Currencies

The Aussie dollar has had a largely positive week, rising against most of the G10 currencies except for the US dollar and oil-driven currencies, the Norwegian krone and Canadian dollar.

The AUD/USD remained close to US$0.70 through most of the week. However, the exchange rate came under increased downward pressure due to a sharp rise in the greenback which drove the US dollar index to its highest level in a month.

The rise in the greenback was aided by the ongoing selloff in the Japanese yen that drove the USD/JPY to a fresh 40-year high. The Aussie is at its highest level against the yen in almost 36 years.

The AUD trade-weighted index – which values the Australian dollar against a basket of currencies based on trade share – rose to its highest level in over a month.



Source: Bloomberg

Spot Rates	Current	High	Low	Change (%)	52-Week High	52-Week Low
AUD/USD	0.6975	0.7027	0.6962	↓0.3	0.7278	0.6415
AUD/EUR	0.6129	0.6151	0.6091	↑0.2	0.6207	0.4761
AUD/GBP	0.5239	0.5246	0.5175	↑0.9	0.5394	0.4761
AUD/JPY	114.28	114.48	113.12	↑0.5	114.92	94.40
AUD/CNY	4.7265	4.7543	4.7195	↓0.2	4.9567	4.5602
EUR/USD	1.1381	1.1450	1.1364	↓0.6	1.2081	1.1325
GBP/USD	1.3314	1.3481	1.3299	↓1.2	1.3868	1.3010
USD/JPY	163.83	163.99	162.22	↑0.9	163.99	145.49
USD/CNY	6.7758	6.7773	6.7629	↑0	7.2140	6.7555

Forward Rates	Spot	3M	6M	12M
AUD/USD	0.6975	0.6964	0.6954	0.6937
AUD/EUR	0.6129	0.6096	0.6063	0.6005
AUD/GBP	0.5239	0.5231	0.5224	0.5215
AUD/JPY	114.28	113.23	112.18	110.21
AUD/NZD	1.2073	1.2021	1.1975	1.1905
AUD/SGD	0.9013	0.8942	0.8870	0.8730

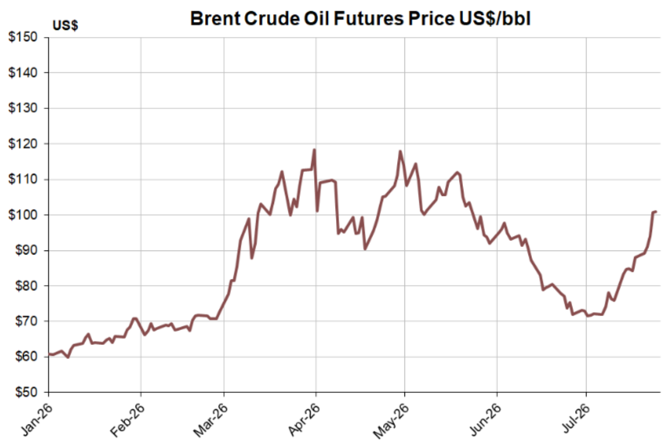
Commodities

Oil prices rose sharply this week as violence in the Middle East escalated. Brent crude futures climbed above US$100 / barrel for the first time in almost two months.

The conflict has entered a more dangerous phase, with escalating threats to critical infrastructure across the region.

A Houthi blockade of Saudi exports through the Bab al-Mandab Strait, at the southern end of the Red Sea, has added to regional shipping disruptions. If sustained, it would create another chokepoint for Middle East oil exports and, alongside the renewed closure of the Strait of Hormuz, threaten to further tighten global oil supplies.

Iron ore futures have underperformed over the week, with the benchmark price falling to a three-week low on Wednesday before stabilising. Prices continue to be weighed down falling Chinese steel margins, and higher energy costs that is increasing uncertainty over future demand.



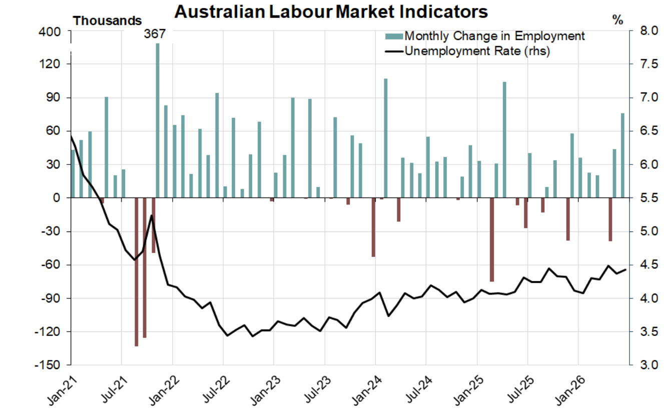
Source: Bloomberg

	Current	High	Low	Change	52-Week High	52-Week Low
Gold (US$)	$4,032.74	$4,166.05	$3,982.75	(↑$38.13)	$5,595.47	$3,268.18
Brent Crude Oil (US$)	$100.86	$102.00	$86.12	(↑$15.66)	$126.41	$58.72
Mogas95* (US$)	$124.62	$126.51	$107.62	(↑$11.49)	$150.55	$68.52
WTI Oil (US$)	$92.06	$93.50	$80.27	(↑$12.14)	$119.48	$54.98
CRB Index	400.18	400.18	381.96	(↑24.21)	406.18	291.69
Iron Ore Price 61% Fe (US$) **	$97.60	$100.50	$97.00	(↓$2.85)	$111.90	$95.10

*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.

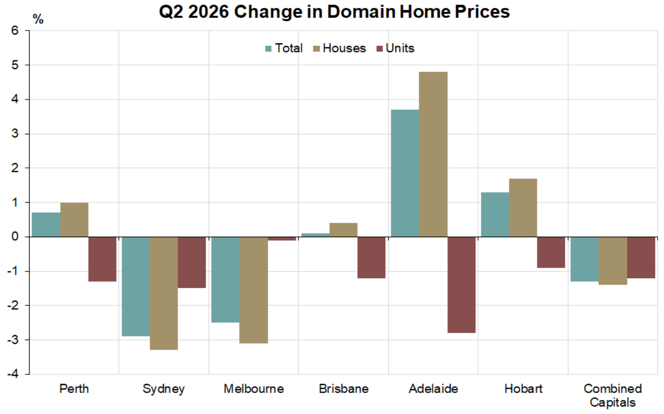
Domestic Economy

***Employment** saw another strong increase in June, with the unemployment rate remained moderate.*



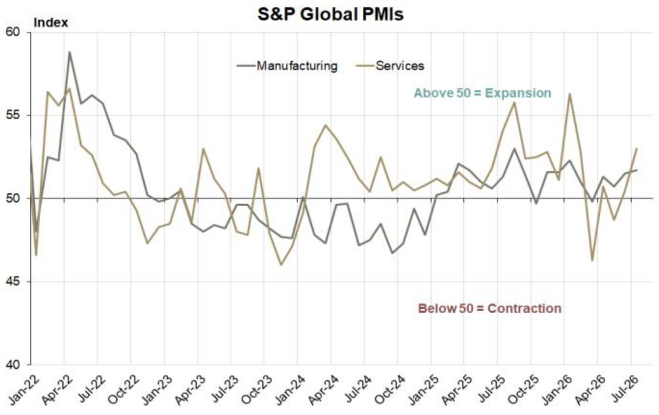
Source: ABS

*According to Domain, **house price** developments were mixed in Q2, but unit prices fell across the board.*



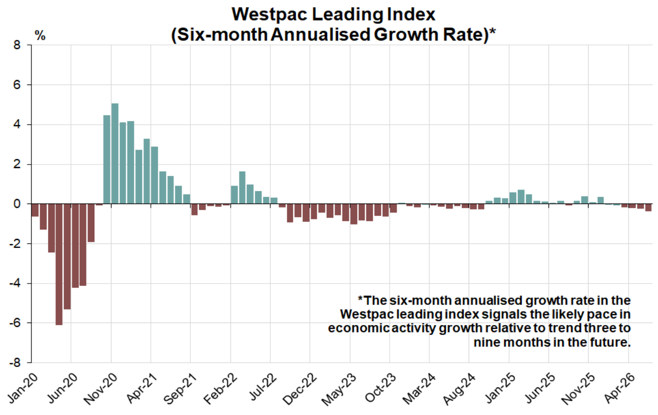
Source: Domain

***S&P Global PMIs** suggested acceleration in Aussie private sector activity growth in early July.*



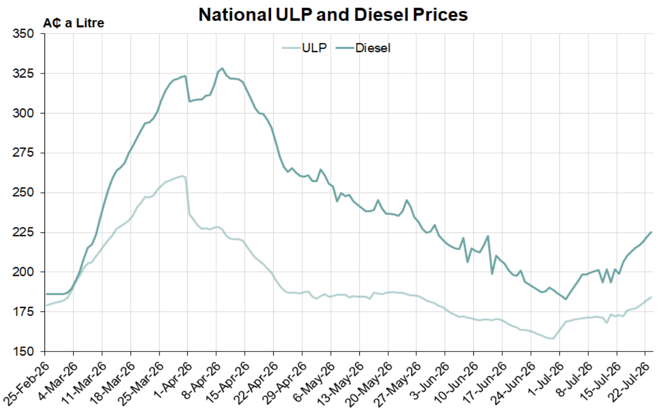
Source: Bloomberg

*The **Westpac leading index** points to sub-trend growth in the coming months.*



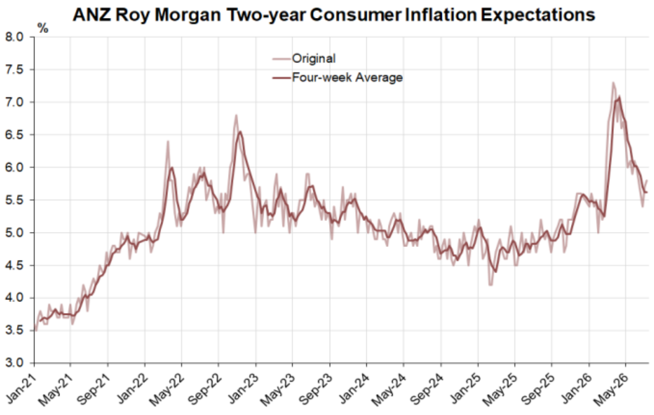
Source: Bloomberg

*The rise of global oil prices as a result of the US-Iran war saw domestic **petrol and diesel** prices pick up...*



Source: ABC

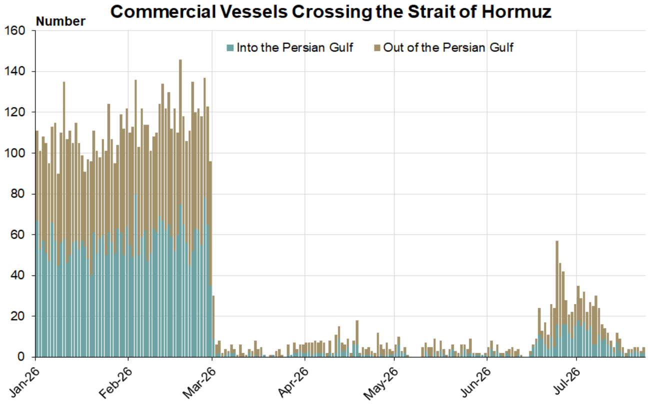
*… driving **ANZ consumer inflation expectations** slightly higher.*



Source: ANZ

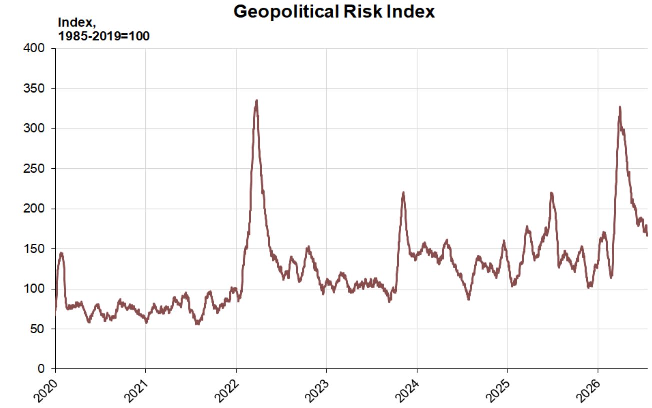
Global Economy

*Crossings through the **Strait of Hormuz** are very low, and there are concerns about the Bab al-Mandab.*



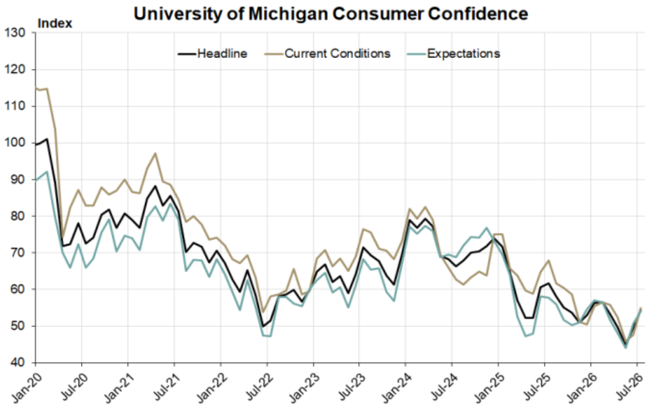
Source: Bloomberg

*The **geopolitical risk index** shows that the media reaction to the US-Iran re-escalation has been calm.*



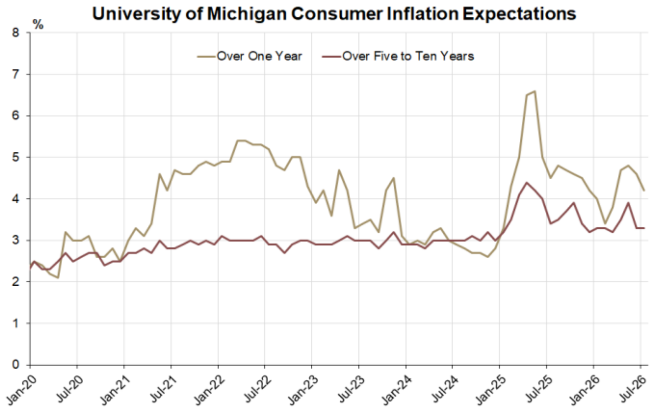
Source: Geopolitical Risk Index

*The renewed US-Iran tensions came as **US consumer confidence** started to improve, though was still bleak…*



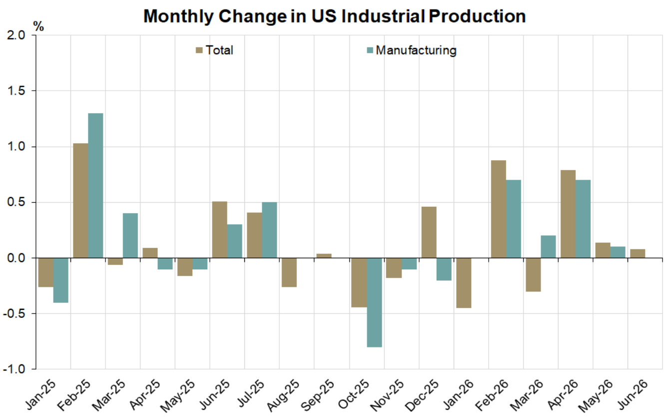
Source: Bloomberg

*… while **short-term inflation expectations** started to head south, but remained a bit elevated.*



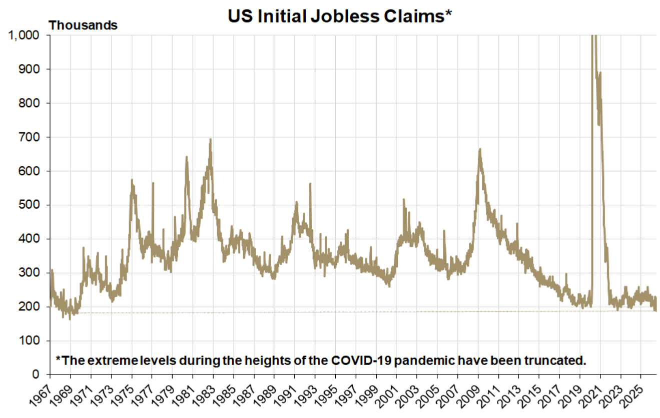
Source: Bloomberg

*After a solid start to 2026, **US industrial production** growth has come to a halt…*



Source: Bloomberg

*… though US labour market was holding strong, with **US initial jobless claims** the lowest since late 1960s.*



Source: Bloomberg

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Last Week

Date	Event	Actual	Forecast	Previous	Comment
Mon 20					
CH	PBoC Announcement (5Y LPR)	3.50%	3.50%	3.50%	Slowing economy suggests a cut is coming.
Tue 21					
AU	ANZ Cons. Conf. (w/e 19 Jul)	75.6	-	75.3	Small increase but still deeply pessimistic.
NZ	CPI (QoQ, Q2)	1.5%	1.4%	0.9%	Around 2/3 of the increase driven by auto fuel.
Wed 22					
AU	Westpac Lead. Index (MoM, Jun)	0.0%	-	-0.1%	6m annualised growth rate still points to subtrend growth.
UK	CPI (YoY, Jun)	2.6%	2.7%	2.8%	Core inflation unexpectedly steady at 2.6%.
Thu 23					
AU	Employment (MoM, Jun)	76.3k	15.0k	44.0k	The strongest gain since April 2025.
AU	Unemployment Rate (Jun)	4.4%	4.4%	4.4%	Participation rate at a one-year high of 67.0%.
EZ	ECB Decision (Deposit Rate)	2.25%	2.25%	2.25%	A rate hike over 90% priced in for September.
US	Initial Jobless Claims (w/e 18 Jul)	187k	210k	209k	The lowest level since 1969.
Fri 24					
AU	S&P Global Composite PMI (Jul)	52.6	-	50.4	Suggest business activity growth accelerated in July.
JP	CPI (YoY, Jun)	1.7%	1.7%	1.5%	Japanese inflation pushed higher by rising energy costs.
JP	S&P Global Composite PMI (Jul)	53.1	-	52.8	A five-month high amid rising manufacturing production.
Tonight					
EZ	S&P Global Composite PMI (Jul)	-	50.2	50.0	Manufacturing expanded; services contracted in June.
UK	S&P Global Composite PMI (Jul)	-	49.8	49.3	June saw the strongest fall in services in 3.5 years.
US	S&P Global Composite PMI (Jul)	-	51.8	51.9	US outperforms most major peers.

Next Week

Date	Event	Forecast	Previous	Comment
Mon 27				
US	Durable Goods Orders (MoM, Jun)	1.5%	-4.5%	Non-defence orders ex aircraft to rise by another 0.9%.
Tue 28				
US	Conference Board Cons. Conf. (Jul)	92.0	91.2	US consumer confidence on the mend, but still low
US	C-S Hse Price Index 20 Cities (MoM, May)	-	0.0%	Up by 1.1% YoY.
Wed 29				
AU	CPI (YoY, Jun)	4.0%	4.0%	Annual growth in trimmed mean expected to rise to 3.7%.
US	FOMC Decision (IoER)	3.65%	3.65%	No hike this time, but tightening could come in September.
Thu 30				
AU	Dwelling Approvals (MoM, Jun)	-0.5%	-1.1%	Private sector house approvals rose by 2.8% in May.
AU	International Price Indices (Q2)	-	-	Average oil and petrol prices for Q2 are higher than for Q1.
UK	Bank of England Decision (Bank Rate)	3.75%	3.75%	A hike fully priced in for November.
US	GDP (QoQ annualised, Q2, 1st)	2.3%	2.1%	Atlanta Fed's GDPNow points to annualised growth of 1.7%.
US	Personal Spending (MoM, Jun)	0.4%	0.7%	Real personal spending to pick up by 0.2%.
US	PCE Price Index (MoM, Jun)	-0.1%	0.4%	Annual inflation expected to slow to 3.6% vs Fed's goal of 2%.
Fri 31				
AU	PPI (QoQ, Q2)	-	0.4%	Higher purchase cost to push producer price inflation up.
JP	Bank of Japan Decision (Policy Rate)	1.00%	1.00%	No further tightening expected until late 2026.
CH	NBS Composite PMI (Jul)	-	50.6	Only construction was in contraction in June.