Market Daily Update

12 AUGUST 2026

Interest Rates		
Australia		**∆ bp**
90-day Bill	4.51	0
3-year Bond	4.55	-2
10-year Bond	5.02	-2
US		
2-year	4.22	-3
10-year	4.69	-2
Other 10-year		
Japan	2.84	2
Germany	3.16	-2
UK	4.96	-2

FX		
AUD/USD	0.7067	0.1%
AUD/JPY	112.55	0.2%
AUD/EUR	0.6122	0.2%
AUD/GBP	0.5231	0.1%
AUD/NZD	1.2023	0.3%
AUD/CNY	4.7614	0.0%
EUR/USD	1.1543	0.0%
USD/JPY	159.26	0.0%
USD/CNY	6.7456	0.0%

Commodities		
WTI Crude Oil	83.68	$1.52
Brent Crude Oil	89.35	$1.59
Mogas95*	108.48	$1.02
CRB Index	390.48	0.33
Gold	4382.63	-$31.33
Silver	65.02	-$1.18
Iron Ore (61% Fe)**	95.90	$0.75
Iron Ore (26-27 Average)	97.48	-$0.03
Copper	14156.50	-$3.50

RBA Policy	
O/N Cash Rate Target	4.35
Interbank O/N Cash Rate	4.35
Probability of a 25bps Hike in Sep	0.0%
RBA Bond Holdings (31 Jul)	A$227.4b

Equities		
ASX200	9223	-20
Dow Jones	53792	-184
S&P500	7728	-25
Stoxx600	661	0
CSI300	4664	-38

*Mogas95 is the Singapore benchmark petrol price closely linked to Australian domestic fuel prices.
**Iron ore is the second SGX futures contract.

US equities declined ahead of tonight's US CPI release. US Treasury yields rose early before falling back after a solid US Treasury auction. The US dollar was relatively steady against other major currencies. Oil prices drifted higher as the standoff in the Middle East continued.

Trade was uneven across European equity markets, with the Stoxx 600 remaining at a record high, and was mixed across the Asia-Pacific, where shares rose in Japan and South Korea but fell in mainland China and Hong Kong. Locally, the ASX 200 rose for the first time in three days, gaining 0.2% before opening lower this morning

Australian bond yields fell after the RBA kept interest rates on hold yesterday, with the central bank lowering its near-term inflation forecast and raising its projection for the unemployment rate. However, yields rose during the RBA Governor's press conference, where the overall message was hawkish. After closing broadly unchanged yesterday, yields have opened lower this morning. Markets are pricing virtually no chance of a hike at the next meeting on 28–29 September, although the implied probability of an increase by February 2027 has risen to 75% from 66% prior to the RBA decision. The Australian dollar fell to a low of US$0.7040 following the RBA decision but recovered to be a little higher against all the major currencies.

The RBA Monetary Policy Board kept the cash rate target unchanged at 4.35% and maintained a hawkish tone yesterday, as expected. While acknowledging that the outlook remains uncertain and that the labour market had eased a little faster than expected, inflation remains the primary focus, with the Board reiterating that it will raise the cash rate further if required.

In the quarterly Statement on Monetary Policy, the RBA raised its unemployment rate forecasts due to the higher starting point, with the unemployment rate now projected to peak at 4.8% in 2028, up from the previous forecast of 4.7%. Near-term inflation forecasts were revised lower after Q2 inflation came in below RBA expectations; however, underlying inflation is still not expected to approach the midpoint of the 2–3% target band until late 2027.

The NAB business survey for July showed Australian businesses remained pessimistic on balance, with the confidence index at -6, although this was well above the levels recorded in March, April and May. The business conditions index rose to +4, remaining a little below its long-run average of +7. Cost pressures picked up and, while still below the levels reached at the height of the Middle East conflict, remained elevated. Selling price growth also increased.

The US NFIB small business optimism index rose 2.4 points to an 11-month high of 99.8 in July, with the survey showing that businesses are keen to hire more workers and invest.

Economic Data Review

- **AU:** RBA (Cash Rate Target) – Actual 4.35%, Expected 4.35%, Previous 4.35%.
- **AU:** NAB Business Conditions (Jul) – Actual 4, Previous 3.
- **AU:** NAB Business Confidence (Jul) – Actual -6, Previous -6 (revised).

Economic Data Preview

- **US:** CPI (MoM, Jul) – Expected 0.1%, Previous -0.4%.