Market Daily Update

02 SEPTEMBER 2026

Interest Rates

Australia		Δ bp
90-day Bill	4.56	1
3-year Bond	4.77	6
10-year Bond	5.21	5
US		
2-year	4.40	5
10-year	4.80	3
Other 10-year		
Japan	3.01	4
Germany	3.34	2
UK	5.22	16

FX

AUD/USD	0.7142	-0.5%
AUD/JPY	114.42	-0.2%
AUD/EUR	0.6165	-0.1%
AUD/GBP	0.5287	-0.1%
AUD/NZD	1.2128	0.1%
AUD/CNY	4.8034	-0.2%
EUR/USD	1.1587	-0.3%
USD/JPY	160.21	0.3%
USD/CNY	6.7208	0.0%

RBA Policy

O/N Cash Rate Target	4.35
Interbank O/N Cash Rate	4.35
Probability of a 25bps Hike in Sep	54.0%
RBA Bond Holdings (31 Aug)	A$227.4b

Commodities

WTI Crude Oil	90.96	$4.34
Brent Crude Oil	95.46	$4.38
Mogas95*	114.50	$0.30
CRB Index	417.30	6.73
Gold	4322.06	-$134.07
Silver	64.09	-$2.72
Iron Ore (61% Fe)**	99.10	$0.35
Iron Ore (26-27 Average)	97.37	$0.05
Copper	14274.50	-$19.50

Equities

ASX200	8950	-107
Dow Jones	52767	-419
S&P500	7631	-55
Stoxx600	647	-4
CSI300	4611	-14

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

Escalating fighting between the US and Iran drove oil prices to their highest levels since July and triggered a broader risk-off move across global markets. The S&P 500 fell for the third day in a row, with broad-based losses led by technology stocks. US Treasury yields rose as the oil-price shock amplified concerns about inflation and the prospect of further Federal Reserve tightening. The two-year Treasury yield climbed to its highest level since 2024, while the 10-year yield rose to a three-year high.

The move lower on Wall Street followed selloffs across Europe and much of the Asia-Pacific region. The Australian market also weakened for the fourth time in the past five sessions, led by the major banks. A pickup in mining shares helped limit the loss in the ASX 200 to 0.10%, however the market has opened sharply lower this morning.

Australian bond yields rose yesterday and opened higher again this morning, tracking the overnight moves in global markets. The three-year Commonwealth bond yield is at its highest level since March as expectations for an RBA cash rate hike continue to build, with an interest rate increase in late September more than halfway priced in. The 10-year yield hit a fresh 15-year high, and the AUD slipped against the stronger greenback but is little changed against the other major currencies

The US economic data provided a mixed backdrop to the market moves. The ISM manufacturing PMI slipped 1.0pt to 54.6 in August, indicating a slower but still robust rate of expansion (above 50 = expansion). The prices paid index was steady but indicative of elevated cost pressures. Job openings remained healthy at above 7.2m in July, and the ratio of unemployed workers to job vacancies remains at a level that suggests the labour market remains relatively tight.

Australia's seasonally adjusted current account deficit widened by A$1.8b to a record A$27.2b in Q2, following a revised deficit of A$25.4b in Q1 (originally A$27.1b). The deterioration was driven by a further decline in the trade balance.

Dwelling approvals declined by a seasonally adjusted 3.6% in July, slightly less than the 5.0% fall expected by market participants. The decline was led by private sector house approvals. Approvals for private dwellings other than houses declined by 0.4%. The annual growth rate in building consents slowed to 9.0%.

The RatingDog China manufacturing PMI increased 0.6pts to 51.5 in August, indicating a faster pace of growth in the month, with output the strongest since May, led by ongoing increases in new orders. Output prices were cut for the first time in 2026, suggesting strong competitive pressures.

Economic Data Review

- **AU:** Current Account Balance (Q2) – Actual -$A27.2b, Expected -A$30.0b, Previous -A$25.4b (revised).
- **AU:** Building Approvals (MoM, Jul) – Actual -3.6%, Expected -5.0%, Previous 6.9% (revised).
- **CH:** RatingDog Manufacturing PMI (Aug) – Actual 51.5, Expected 51.0, Previous 50.9.
- **US:** ISM Manufacturing PMI (Aug) – Actual 54.6, Expected 55.2, Previous 55.6.

Economic Data Preview

- **AU:** GDP (QoQ, Q2) – Expected 0.3%, Previous 0.3%.
- **NZ:** RBNZ (Official Cash Rate) – Expected 2.75%, Previous 2.50%
- **US:** ADP Employment (Monthly Change, Aug) – Expected 48k, Previous 44k.
- **US:** Beige Book