Market Daily Update

17 SEPTEMBER 2026

Interest Rates

Australia		∆ bp
90-day Bill	4.69	1
3-year Bond	4.97	-2
10-year Bond	5.32	-4
US		
2-year	4.71	7
10-year	4.99	0
Other 10-year		
Japan	3.00	-4
Germany	3.51	-3
UK	5.30	-9

FX

AUD/USD	0.7093	-0.5%
AUD/JPY	110.70	0.1%
AUD/EUR	0.6187	0.2%
AUD/GBP	0.5301	0.2%
AUD/NZD	1.2406	0.1%
AUD/CNY	4.7564	-0.6%
EUR/USD	1.1464	-0.6%
USD/JPY	156.07	0.5%
USD/CNY	6.7091	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	82.0%
RBA Bond Holdings (31 Aug)	A$227.4b

Commodities

WTI Crude Oil	101.48	-$3.38
Brent Crude Oil	104.90	-$2.89
Mogas95*	134.99	-$0.19
CRB Index	426.14	-2.98
Gold	4291.20	$7.46
Silver	63.49	-$0.21
Iron Ore (61% Fe)**	96.15	$0.75
Iron Ore (26-27 Average)	97.44	-$0.02
Copper	14232.50	$149.00

Equities

ASX200	8754	51
Dow Jones	51462	-631
S&P500	7552	-34
Stoxx600	637	3
CSI300	4480	30

*Mogas95 is the Singapore benchmark petrol price closely linked to Australian domestic fuel prices.

**Iron ore is the second SGX futures contract.

US stocks fell further last night, while US Treasury yields rose at the front end of the curve and the US dollar appreciated, in reaction to the hawkish tone set by Fed Chair Kevin Warsh at the press conference following the widely expected decision to hike the fed funds rate.

The FOMC increased the fed funds rate target range by 25bps to 3.75-4.00%, as expected, with the decision unanimous. The US central bank also published a new set of economic projections showing that a median FOMC member expects one more fed funds rate hike this year and that rates will remain at this higher level for roughly two more years. Chair Warsh again did not provide his own interest rate projections.

At the press conference, Chair Warsh repeatedly declined to provide forward guidance but confirmed that – with the labour market goal being met and the broader economy remaining strong – the Fed is now focused on meeting its inflation goal. He said inflation is not currently meeting the criterion he set at Jackson Hole of heading clearly and swiftly towards the 2% goal. He stressed several times that the Fed is focused on delivering price stability.

Following the Fed decision, the release of updated projections and the press conference, another 25bps hike is around 50% priced in for late October and fully priced in for December, with another increase expected in early 2027.

Meanwhile, US retail sales figures provided further evidence that US economic conditions remain strong, with a 1.2% gain recorded in August, significantly exceeding the 0.8% increase pencilled in by consensus. The retail sales control group, which closely tracks private consumption in the national accounts, rose by 1.4% in August, the most in nearly two years.

Across the Atlantic, the annual rate of UK consumer price inflation increased by 0.2 percentage points to 3.1%, as expected, while core inflation remained at 2.6%. Both measures are above the Bank of England's 2% target. The Bank of England is set to announce its monetary policy decision later today, with no changes expected for now.

Closer to home, New Zealand GDP rose by 0.2% in Q2, somewhat more than markets expected, taking the annual rate of growth to 2.6%, the fastest pace since mid-2023.

In Australia, the Westpac leading index was little changed in August, but its six-month annualised growth rate continued to signal slightly sub-trend economic growth ahead.

The Australian dollar depreciated against the stronger greenback, but appreciated against other major currencies. Commonwealth bond yields declined slightly across the yield curve. The ASX 200 opened higher this morning, having gained 0.3% yesterday.

Economic Data Review

- **AU:** Westpac Leading Index (MoM, Aug) – Actual 0.0%, Previous 0.0%.
- **NZ:** GDP (QoQ, Q2) – Actual 0.2%, Expected 0.1%, Previous 0.9% (revised).
- **UK:** CPI (YoY, Aug) – Actual 3.1%, Expected 3.1%, Previous 2.9%.
- **US:** Retail Sales (MoM, Aug) – Actual 1.2%, Expected 0.8%, Previous -0.5% (revised).

Economic Data Preview

- **UK:** Bank of England Decision (Bank Rate) – Expected 3.75%, Previous 3.75%.
- **US:** Initial Jobless Claims (w/e 12 Sep) – Expected 207k, Previous 206k.