Market Watch Weekly

27 FEBRUARY 2026

Highlights this week

- In Australia, the January CPI inflation figures surprised slightly to the upside. Private sector capex growth decelerated in Q4, while construction work done declined marginally.
- Abroad, after the Supreme Court ruled most of the emergency law tariffs unlawful, US President Donald Trump imposed a new flat 10% tariff rate, which might be increased to 15% later on.

Highlights next week

- It will be a busy week domestically, with the Q4 GDP on Wednesday being the key release. Other important data reports will be the Cotality home prices and the Melbourne Institute inflation gauge for February on Monday, Q4 balance of payments and January dwelling approvals on Tuesday, as well as household spending and goods trade balance for January on Thursday. RBA Governor Michele Bullock, Deputy Governor Andrew Hauser and Assistant Governor Sarah Hunter will all appear publicly next week.
- The highlights offshore include the US labour market data, with the official report on Friday, as well as US and Chinese PMIs on Monday and Wednesday; all these releases are for February.

Central Bank Rates (%)		Weekly Change	Australian Interest Rates (%)		Weekly Change	Major Overseas Interest Rates (%)		Weekly Change	Global Equities		Weekly Change
Australia	3.85	(0 pt)	O/N Interbank Cash	3.85	(0 pt)	USD 3-month	4.85	(0 pt)	ASX200	9166	(↑91 pt)
US (IOR)	3.65	(0 pt)	90-day Bills	3.99	(0 pt)	2-yr T-Notes	3.42	(↓4 pt)	S&P500	6909	(↑47 pt)
Eurozone (Deposit)	2.00	(0 pt)	3-yr T-Bond	4.22	(↓7 pt)	10-yr T-Notes	4.00	(↓6 pt)	DJIA	49499	(↑104 pt)
UK	3.75	(0 pt)	10-yr T-Bond	4.66	(↓8 pt)	Jap 10-yr	2.13	(↑1 pt)	Nikkei	58362	(↑1635 pt)
Japan (Target)	0.75	(0 pt)	3-yr WATC Bond	4.35	(↓5 pt)	UK 10-yr	4.27	(↓9 pt)	CSI300	4699	(↑38 pt)
China (1Y LPR)	3.00	(0 pt)	10-yr WATC Bond	5.06	(↓7 pt)	Ger 10-yr	2.69	(↓5 pt)	Stoxx600	633	(↑8 pt)

Changes are since the previous issue of Market WATCh Weekly.

Financial Markets

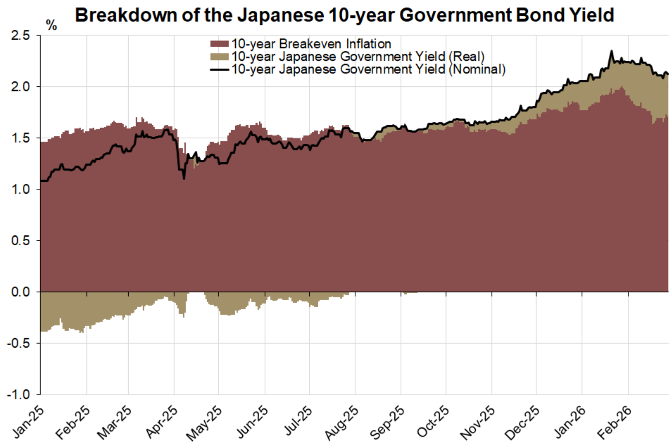
Interest Rates

Government bond yields were generally down across the major advanced economies this week, with the notable exception of Japan. The decline corresponded with the downside surprise in US Q4 GDP growth, a rise in uncertainty due to the US emergency law tariffs being deemed unlawful, and concerns over an attack on Iran.

The rise in Japanese government bond yields was driven by a rise in inflation expectations rather than in real yields. This was because of the appointment of two new dovish members to the Bank of Japan's board, which could lead to greater support for reflationist policies.

Despite the slight increase this week, Japanese government bond yields remain somewhat below their multidecade high from late January.

At home, there was a little bit of RBA talk this week. Comments by RBA Governor Michele Bullock at Melbourne University on Wednesday attracted some attention, when she said that inflation is not 'taking off again' and that the RBA will proceed cautiously with any future rate decisions.



Source: Bloomberg

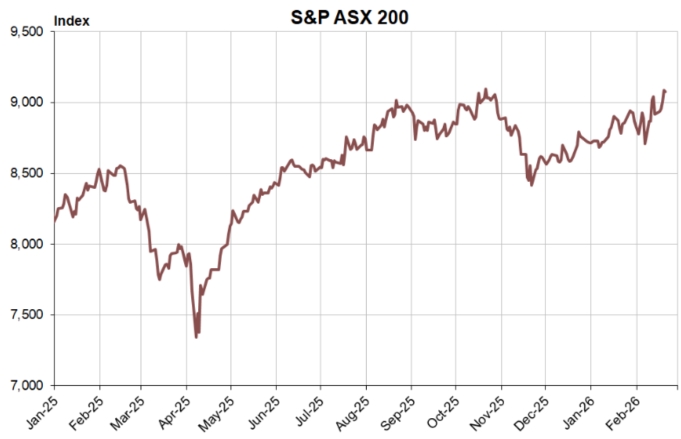
Equities

Equities climbed across most developed markets over the past week, with the MSCI World Developed Markets Index hitting a fresh record high midweek, before easing.

The US was, as usual, the major driver. Wall Street was buffeted early by uncertainty over the outlook for US trade policy. Shares recovered midweek, but dropped again on Thursday amid fresh jitters over artificial intelligence after forecasts from leading chipmaker Nvidia disappointed traders.

At home, the ASX 200 climbed to fresh record highs, despite another elevated Aussie inflation report adding to the expectations for an RBA cash rate hike in May.

Critical mineral and miners, consumer staples, and information technology were the biggest contributors, while consumer discretionary and real estate shares were the weakest.



Source: Bloomberg

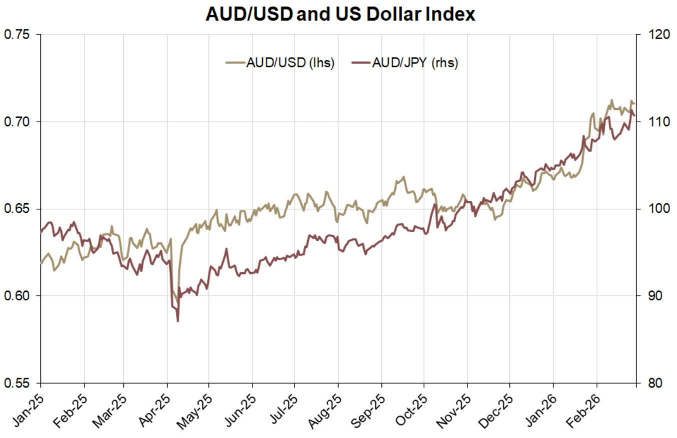
Currencies

The generally good global market sentiment and a rise in some commodity prices supported the Australian dollar this week. The AUD appreciated against all major currencies and was easily the strongest currency in the G10 basket.

The strongest appreciation was against the Japanese yen, which sits at the very bottom of this week's G10 currency ladder, being the only one in the basket to depreciate against the greenback.

The weakness of the Japanese currency reflected concerns over less decisive policy rate increases by the Bank of Japan in the months ahead. This comes on top of expectations for expansionary fiscal policy of the newly confirmed Japanese government.

The USD also depreciated slightly this week, following the US Supreme Court's decision deeming emergency law tariffs unlawful. The Chinese yuan was fixed at a stronger level after the end of the Lunar New Year (LNY) celebrations.



Source: Bloomberg

Spot Rates			Current	High	Low	Change (%)	52-Week High	52-Week Low
AUD/USD			0.7108	0.7137	0.7027	↑1.2	0.7147	0.5915
AUD/EUR			0.6026	0.6036	0.5969	↑0.8	0.6036	0.4620
AUD/GBP			0.5272	0.5273	0.5212	↑0.8	0.5273	0.4620
AUD/JPY			110.79	111.48	108.81	↑1.6	111.48	86.05
AUD/CNY			4.8732	4.8960	4.8372	↑0.4	4.9373	4.3523
EUR/USD			1.1796	1.1835	1.1766	↑0.3	1.2081	1.0360
GBP/USD			1.3483	1.3575	1.3445	↑0.3	1.3868	1.2559
USD/JPY			155.88	156.82	154.00	↑0.5	159.45	139.89
USD/CNY			6.8564	6.9136	6.8316	↓0.7	7.3511	6.8316

Forward Rates			Spot	3M	6M	12M
AUD/USD			0.7108	0.7103	0.7092	0.7055
AUD/EUR			0.6026	0.5996	0.5962	0.5891
AUD/GBP			0.5272	0.5266	0.5256	0.5230
AUD/JPY			110.79	109.87	108.94	107.11
AUD/NZD			1.1886	1.1838	1.1785	1.1685
AUD/SGD			0.8989	0.8926	0.8858	0.8721

Commodities

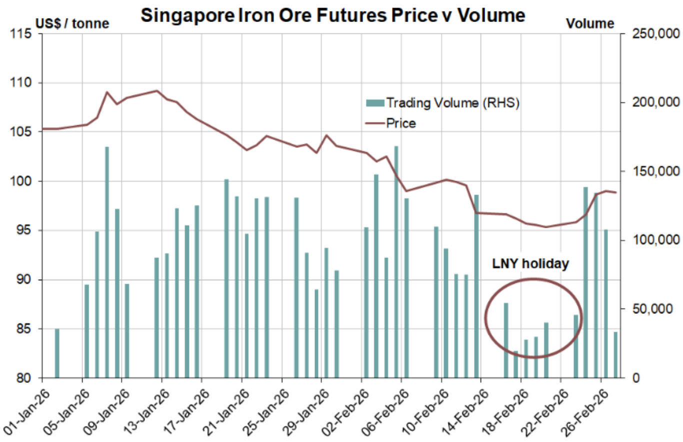
Iron ore futures climbed this week as traders in mainland China returned to work following the LNY holiday.

The gains came as trading volumes picked up sharply after 1 ½ weeks of losses in a relatively thin market had pushed the benchmark price to its lowest levels since July last year.

Oil prices drifted lower over most of this week, after jumping in the second half of last week amid the ongoing US military build-up in the Middle East.

Volatility returned with a vengeance on Thursday, with the market buffeted by headlines around US-Iranian talks over Iran's nuclear program. Despite relatively large swings, prices were little changed over the day.

Gold and silver prices hit 3 ½-week highs on Tuesday before easing.



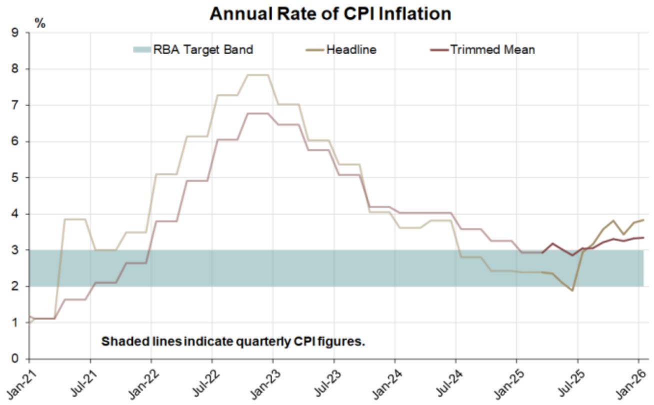
Source: Bloomberg

	Current	High	Low	Change	52-Week High	52-Week Low
Gold (US$)	$5,194.34	$5,249.62	$5,094.54	(↑$197.17)	$5,595.47	$2,832.71
Brent Crude Oil (US$)	$70.62	$72.61	$69.16	(↓$1.21)	$81.40	$58.40
Mogas95* (US$)	$81.18	$82.31	$79.44	(↑$0.66)	$89.08	$67.57
WTI Oil (US$)	$65.08	$67.28	$63.60	(↓$1.7)	$78.40	$54.98
CRB Index	310.03	311.44	309.80	(↑0.93)	323.71	279.79
Iron Ore Price 62% Fe (US$) **	$98.80	$99.30	$95.15	(↑$3.7)	$109.40	$91.70

*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.

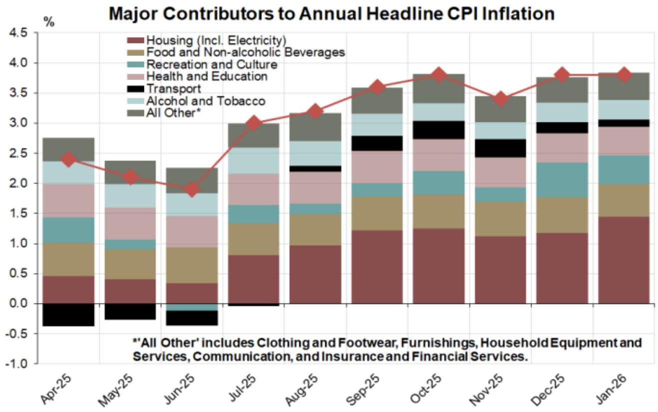
Domestic Economy

*The annual rates of both headline and trimmed mean **CPI inflation** remain above the 2-3% target range.*



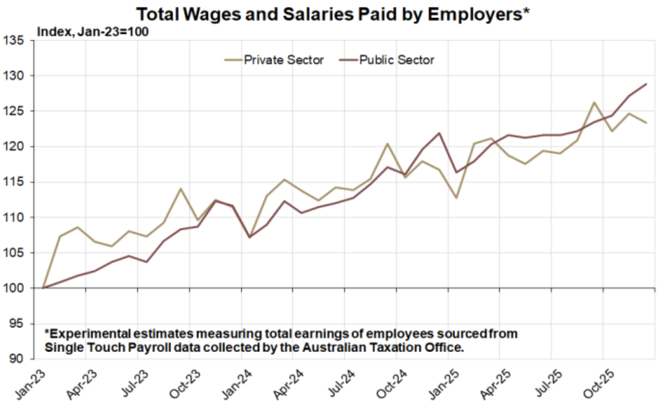
Source: ABS

***Housing costs**, including electricity, recreation, health, education and food helped keep inflation high.*



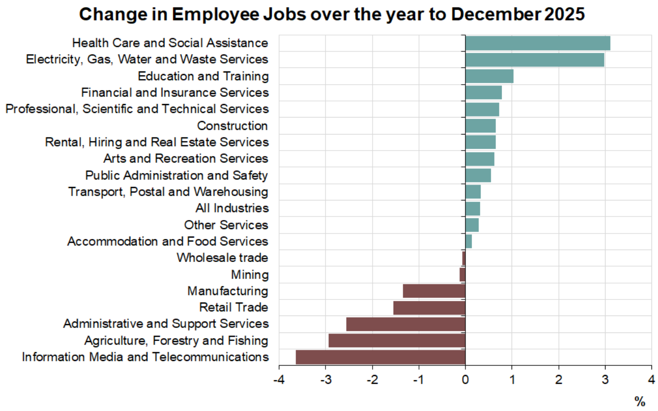
Source: ABS

*An experimental measure of **employee earnings** suggests that they are driven by the public sector…*



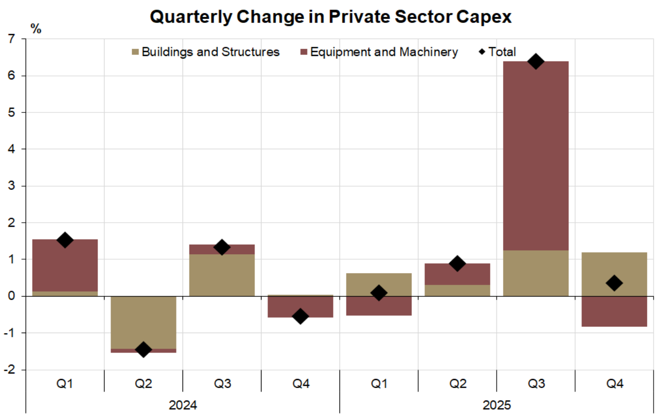
Source: ABS

*… with the largest **payroll job gains** in 2025 being in the care sector, utilities and education.*



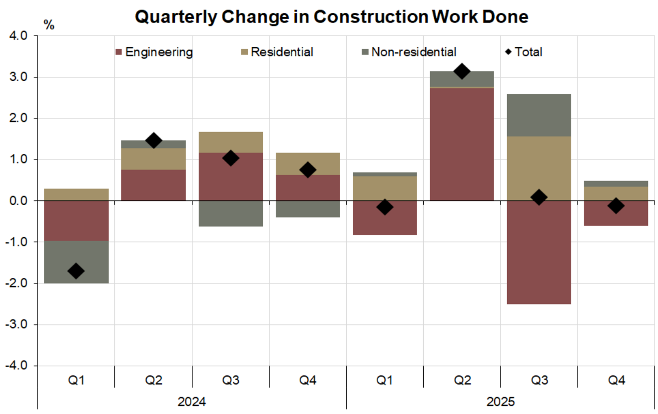
Source: ABS

***Private sector capex** growth slowed in Q4, as data centre investment retreated from a record high.*



Source: ABS

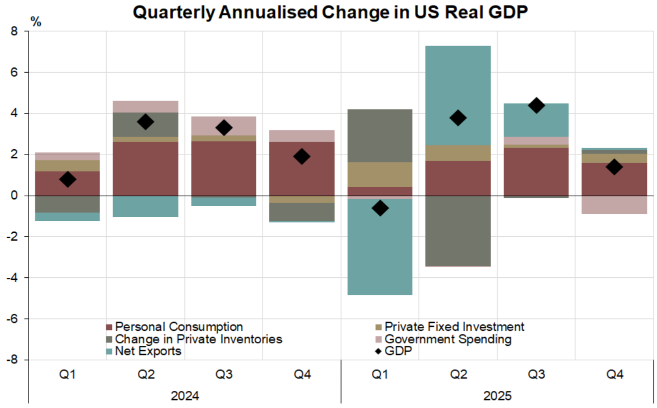
***Construction work done** declined marginally in Q4, as engineering fell further and growth in buildings slowed.*



Source: ABS

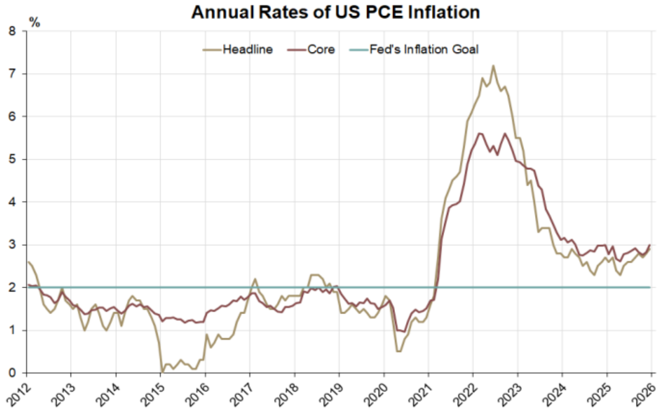
Global Economy

***US GDP growth** slowed in Q4 amid slower growth in consumption and a fall in government spending…*



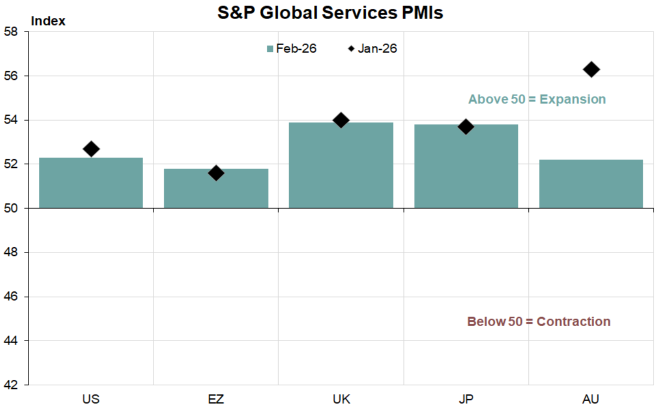
Source: US Bureau of Economic Analysis

*… while the annual rates of **US PCE inflation** drifted a bit further away from the 2% goal in December.*



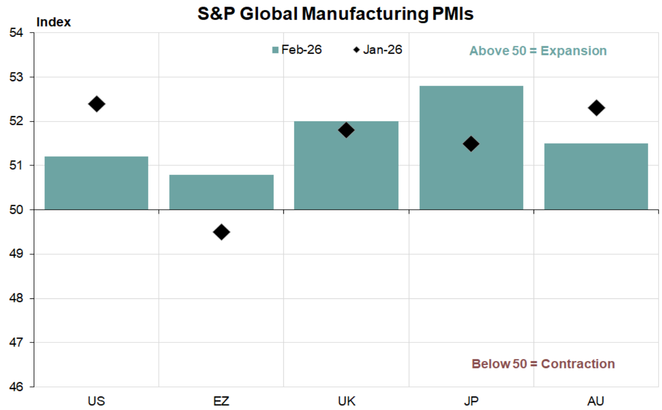
Source: Bloomberg

***S&P Global services PMIs** suggested slowdowns in the US and Australia, and a slight acceleration elsewhere.*



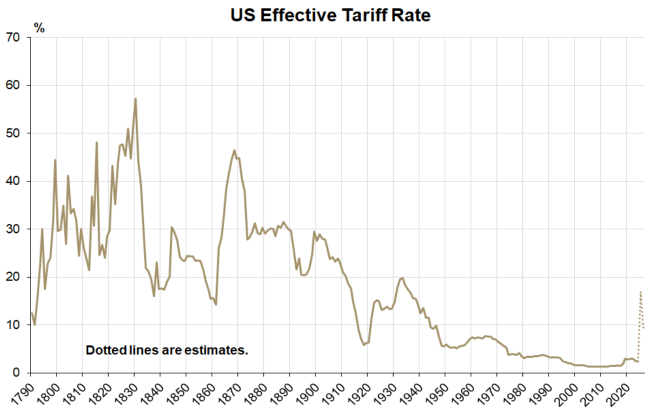
Source: Bloomberg

***Manufacturing PMIs** are now also in expansion territory across all the major advanced economies.*



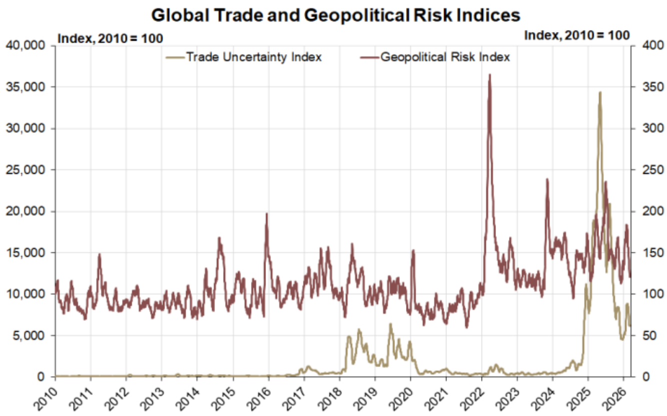
Source: Bloomberg

***The US effective tariff rate** has fallen after the Supreme Court ruling but remains at 1960s levels.*



Source: Yale Budget Lab

*The US Supreme Court tariff ruling and concerns over an attack on Iran did not lead to a higher **risk perception**.*



Source: Bloomberg

Last Week

Date	Event	Actual	Forecast	Previous	Comment
Mon 23					
	No market moving data				
Tue 24					
AU	ANZ Job Ads (w/e 21 Feb)	80.2	-	77.1	Has largely rebounded from a fall around the RBA hike.
CH	PBoC Announcement (5Y LPR)	3.50%	3.50%	3.50%	One-year loan prime rate was also unchanged at 3.00%.
US	C-S Hse Pce 20 City (MoM, Dec)	0.5%	0.3%	0.5%	Hit a new record high.
US	CB Consumer Confid. (Feb)	91.2	87.0	98.0	'Jobs plentiful' vs 'jobs hard to get' remains depressed.
Wed 25					
AU	CPI (YoY, Jan)	3.8%	3.7%	3.8%	Annual trimmed mean inflation up 0.1ppts to 3.4%.
AU	Construction Work (QoQ, Q4)	-0.1%	1.2%	0.1%	Engineering down by 1.3%, building up by 0.9%.
AU	RBA Governor M. Bullock Speaks	-	-	-	According to M. Bullock, inflation is 'not taking off again'.
Thu 26					
AU	Private Sector Capex (QoQ, Q4)	0.4%	0.0%	6.4%	Investment in data centres retreated from a record high.
US	Initial Jobless Claims (w/e 21 Feb)	212k	216k	208k	Continued claims declined to 1,833k in w/e 14 February.
Fri 27					
AU	Private Sector Credit (MoM, Jan)	0.5%	0.7%	0.8%	Broad-based slowdown.
Tonight					
US	PPI (MoM, Jan)	-	0.3%	0.5%	Annual PPI inflation to decline by 0.4ppts to 2.6%.

Next Week

Date	Event	Forecast	Previous	Comment
Mon 02				
AU	Cotality Home Value Index (MoM, Feb)	-	0.7%	RBA rate hike might see some cooling in home price growth.
AU	Melbourne Institute Inflation (YoY, Feb)	-	3.6%	First insights into price formation in February.
AU	ANZ Job Ads (MoM, Feb)	-	4.4%	Trend growth turned positive in late 2025.
AU	RBA Assistant Governor Speaks	-	-	Sarah Hunter speaking at a Norges Bank conference.
US	ISM Manufacturing PMI (Feb)	51.2	52.6	S&P Global PMIs pointed to slower expansion.
Tue 03				
AU	Current Account Balance (Q4)	-A$16.3b	-A$16.6b	Has been negative since mid-2023.
AU	Dwelling Approvals (MoM, Jan)	6.0%	-14.9%	Volatility driven by high-rise activity.
AU	RBA Governor Michele Bullock Speaks	-	-	Speech at the AFR Business Summit.
EZ	HICP (YoY, Feb)	1.7%	1.7%	ECB comfortable with the current levels of HICP inflation.
Wed 04				
AU	GDP (QoQ, Q4)	0.7%	0.4%	Likely solid outcomes in private consumption and investment.
CH	NBS Composite PMI (Feb)	-	49.8	Suggested a broad-based contraction in early 2026.
CH	RatingDog Manufacturing PMI	50.1	50.3	Has been more positive than the official PMI.
CH	RatingDog Services PMI (Feb)	52.3	52.3	RatingDog composite PMI at 51.6 in January.
US	ADP Employment (monthly change, Feb)	-	22k	Has been a poor indicator for the official employment report.
US	ISM Services PMI (Feb)	53.8	53.8	S&P Global PMIs signals the risk of a downside surprise.
US	Beige Book	-	-	Anecdotal information about economic conditions.
Thu 05				
AU	Household Spending (MoM, Jan)	0.5%	-0.4%	RBA expects growing weakness in consumption in early 2026.
AU	Goods Trade Balance (Jan)	A$3.6b	A$3.4b	Trade in non-monetary gold remained elevated in December.
Fri 06				
AU	RBA Deputy Governor Speaks	-	-	Remarks at the 2026 US Monetary Policy Forum in New York.
US	Non-farm Payrolls (monthly change, Feb)	60k	130k	US payrolls growth is sluggish and driven by the care sector.
US	Unemployment Rate (Feb)	4.4%	4.3%	Roughly in line with the FOMC's longer-run estimate.