Market Watch Weekly

31 JULY 2026

Highlights this week

- In Australia, the softer-than-expected June CPI report saw traders wind back their pricing for an RBA cash rate hike, despite the RBA Governor and Assistant Governor not ruling out further monetary policy tightening. Dwelling approvals saw an unexpected increase in June. Export and import prices growth exceeded expectations in Q2, with import prices increasing most since 2021. The headline PPI index had its biggest increase in 2 ½ years, jumping in Q2, largely driven by energy prices.
- Abroad, the FOMC left the FOMC kept the fed funds target range unchanged this week, but three members preferred a hike. US GDP growth slowed a bit in Q2, dragged down by the negative contribution from net exports and inventories. US PCE inflation declined in June, ahead of the recent escalation in the Middle East, but remained above the Fed’s goal.
- The Chinese composite PMI slipped into contraction in July.

Highlights next week

- It will be yet another busy week ahead domestically, with the Melbourne Institute inflation gauge for July on Monday, household spending for June on Tuesday and goods trade balance for June on Thursday.
- The highlights offshore will include US labour market figures as well as US and Chinese PMIs.

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	3.62	(↓12 pt)	ASX200	8977	(↑221 pt)
US (IOR)	3.65	(0 pt)	90-day Bills	4.50	(↓4 pt)	2-yr T-Notes	4.23	(↓13 pt)	S&P500	7438	(↑29 pt)
Eurozone (Deposit)	2.25	(0 pt)	3-yr T-Bond	4.49	(↓23 pt)	10-yr T-Notes	4.65	(↓6 pt)	DJIA	52208	(↑496 pt)
UK	3.75	(0 pt)	10-yr T-Bond	4.93	(↓15 pt)	Jap 10-yr	2.81	(↓1 pt)	Nikkei	64230	(↓339 pt)
Japan (Target)	1.00	(0 pt)	3-yr WATC Bond	4.69	(↓23 pt)	UK 10-yr	4.98	(↓12 pt)	CSI300	4606	(↓61 pt)
China (1Y LPR)	3.00	(0 pt)	10-yr WATC Bond	5.33	(↓15 pt)	Ger 10-yr	3.16	(↓5 pt)	Stoxx600	650	(↑11 pt)

Changes are since the previous issue of Market WATCh Weekly.

Financial Markets

Interest Rates

Government bond yields declined this week, reflecting easing concerns over higher inflation and monetary policy tightening, following a retreat in global oil prices and a fall in PCE inflation.

Despite easing concerns over monetary policy tightening, central banks appear to remain vigilant. While the FOMC kept the fed funds target range unchanged at 3.50-3.75%, three members dissented, each preferring a 25bp increase. Such a move remains fully priced in for December.

The Bank of England also kept the bank rate steady at 3.75%, though the decision was made by a majority vote, with three out of nine members of the Monetary Policy Committee, including the chief economist, preferring a 25bps hike.

At home, both RBA Governor Michele Bullock and Assistant Governor Sarah Hunter, who spoke this week, did not rule out a cash rate hike completely. However, a 25bps increase is no longer fully priced in following a downside surprise to Aussie inflation figures on Wednesday.

Equities

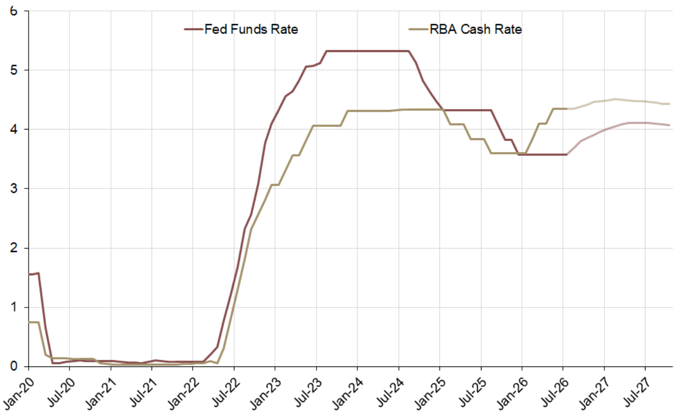
US equities had a volatile week, defined by a sharp mid-week selloff in tech stocks, amid ongoing concerns about overinvestment in AI infrastructure, followed by a powerful Thursday rebound driven by strong earnings.

At home, the ASX 200 is on track for its first weekly increase in almost a month. All major industry sectors posted gains, led by an 8% rise in information technology.

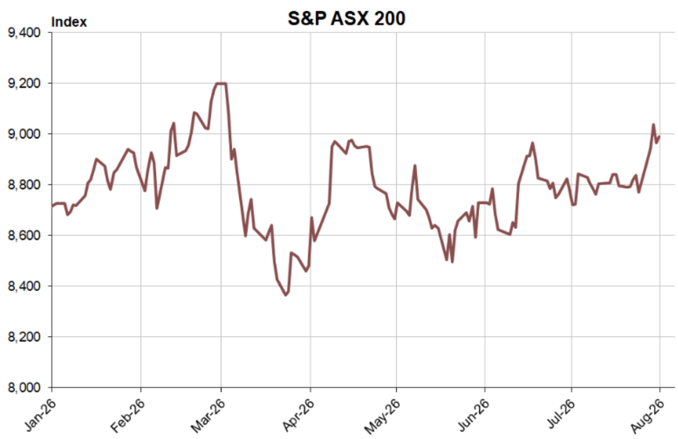
Aussie shares had their biggest rise following the CPI report on Wednesday, which saw traders unwind their expectations for an RBA cash rate hike and drove the ASX 200 to its highest close in almost five months, before easing on Thursday.

Info tech was the best performing sector on the ASX, rising 8.4% over the week.

Source: Bloomberg



Source: Bloomberg



Currencies

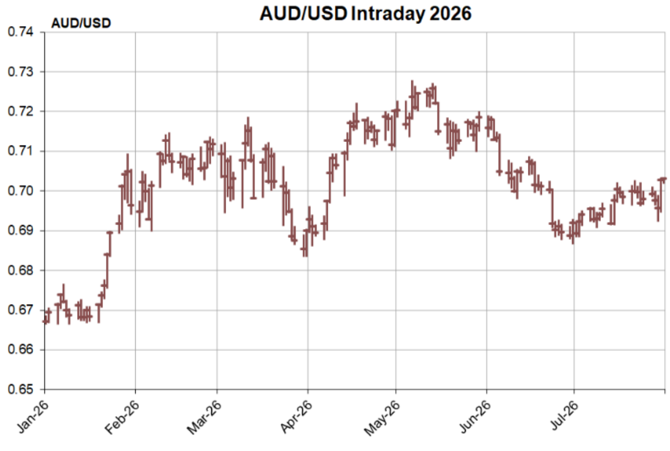
The Australian dollar was relatively steady through most of the early part of this week before coming under downward pressure after June inflation undershot expectations.

The decline in expectations for an RBA cash rate increase saw the AUD/USD fall to a two-week low on Wednesday.

The AUD/USD rebounded on Thursday as the apparent currency market intervention by Japan's Ministry of Finance to support the yen drove the US dollar lower. The intervention helped lift the yen off 40-year lows against the greenback.

The intervention briefly pushed AUD/JPY to its lowest level since April, although the yen has since given back some of those gains.

Falling expectations for RBA cash rate increases saw the AUD trade-weighted index fall to a two-week low yesterday.



Source: Bloomberg

Spot Rates	Current	High	Low	Change (%)	52-Week High	52-Week Low
AUD/USD	0.7027	0.7033	0.6922	↑0.7	0.7278	0.6415
AUD/EUR	0.6102	0.6153	0.6062	↓0.4	0.6207	0.4761
AUD/GBP	0.5224	0.5262	0.5199	↓0.3	0.5394	0.4761
AUD/JPY	112.84	114.66	110.92	↓1.3	114.92	94.40
AUD/CNY	4.7406	4.7486	4.6860	↑0.3	4.9567	4.5602
EUR/USD	1.1514	1.1537	1.1353	↑1.2	1.2081	1.1325
GBP/USD	1.3452	1.3477	1.3274	↑1	1.3868	1.3010
USD/JPY	160.60	163.95	157.98	↓2	163.99	145.49
USD/CNY	6.7476	6.7734	6.7476	↓0.4	7.2140	6.7476

Forward Rates	Spot	3M	6M	12M
AUD/USD	0.7027	0.7016	0.7007	0.6992
AUD/EUR	0.6102	0.6071	0.6040	0.5983
AUD/GBP	0.5224	0.5215	0.5209	0.5200
AUD/JPY	112.84	111.84	110.85	109.02
AUD/NZD	1.1968	1.1919	1.1877	1.1816
AUD/SGD	0.9020	0.8948	0.8877	0.8740

Commodities

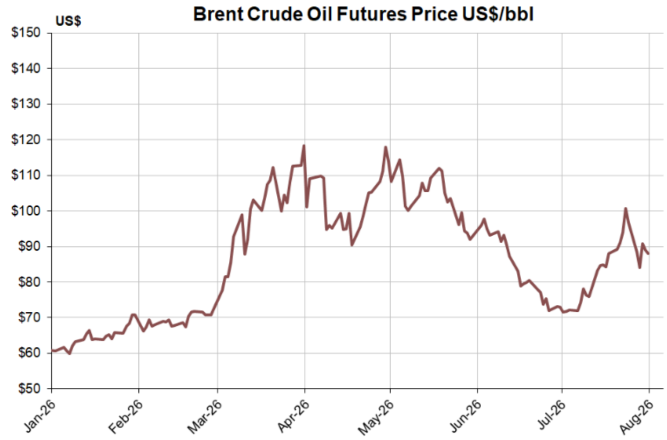
Oil prices rose early in the week as the conflict in the Middle East escalated and broadened, with news that two LNG tankers had been attacked at an Egyptian port in the Mediterranean.

However, prices eased despite the rising risks amid news that US GDP growth was weaker than expected in Q2 and reports of reduced Chinese purchasing.

Oil prices have been surprisingly well behaved given the escalation in risk.

Ongoing concerns over weakening steel demand and rising port inventories pushed iron ore futures prices to their lowest levels since February.

Lower bond yields and a decline in the US dollar helped push gold prices a little higher this week. The yellow metal has traded in a narrow range in July after falling over the previous four months.



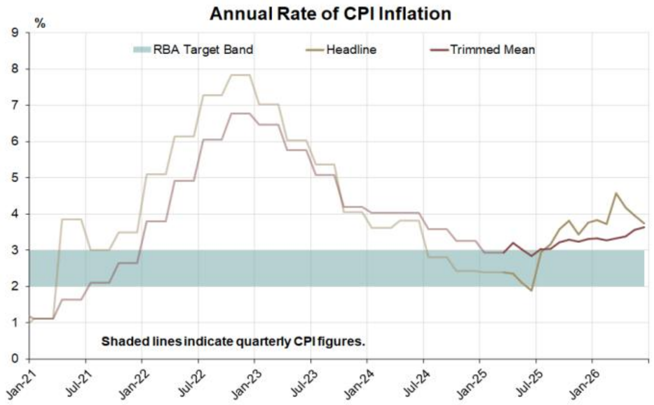
Source: Bloomberg

	Current	High	Low	Change	52-Week High	52-Week Low
Gold (US$)	$4,074.46	$4,120.05	$3,996.06	(↑$41.72)	$5,595.47	$3,274.11
Brent Crude Oil (US$)	$88.16	$93.60	$82.52	(↓$12.7)	$126.41	$58.72
Mogas95* (US$)	$115.83	$124.31	$110.86	(↓$8.79)	$150.55	$68.52
WTI Oil (US$)	$82.42	$86.20	$77.78	(↓$9.64)	$119.48	$54.98
CRB Index	384.45	395.67	379.19	(↓15.73)	406.18	291.69
Iron Ore Price 61% Fe (US$) **	$95.80	$98.40	$95.10	(↓$1.8)	$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.

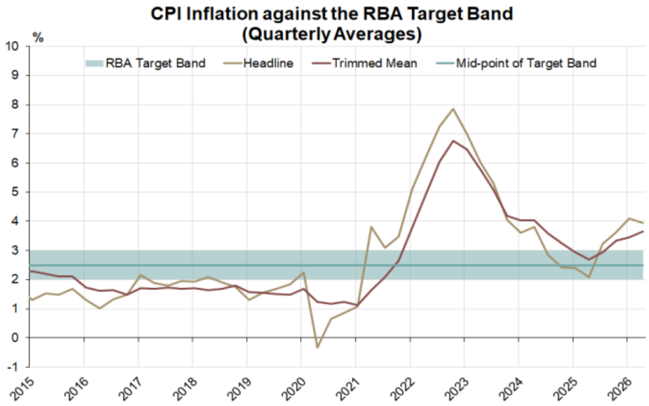
Domestic Economy

*Despite the decline, the annual rate of headline **CPI inflation** remains above the 2-3% target range…*



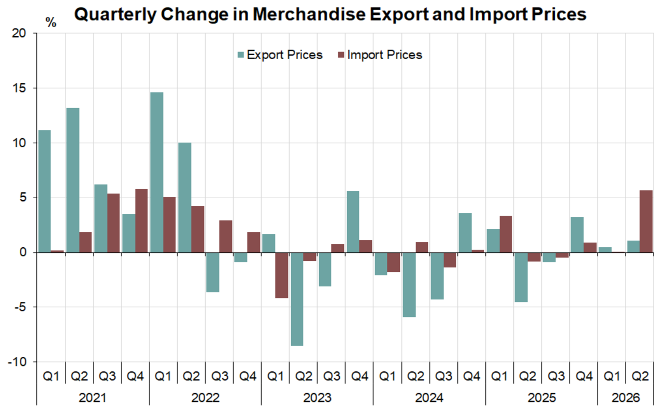
Source: ABS

*… as was **annual Q2 trimmed mean inflation**, which the RBA focuses on.*



Source: ABS

*The excise fuel cut masked the strongest increase in **import prices** since late 2021 amid higher oil prices…*

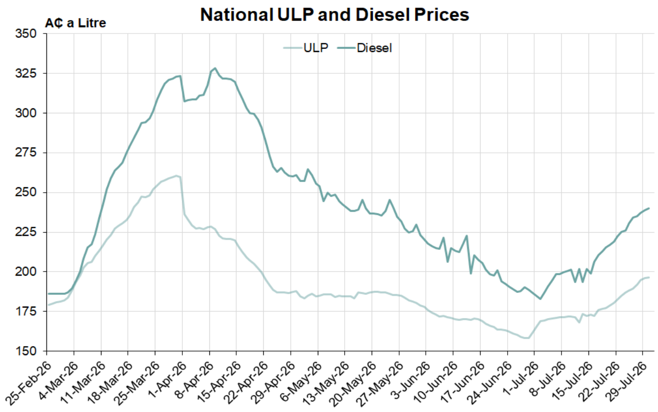


Source: ABS

*… which suggests the **terms of trade** fell to the lowest level since the heights of COVID-19.*

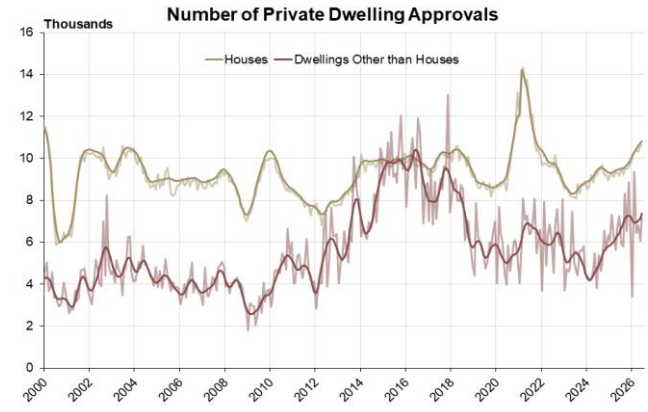
Source: ABS

*The recent re-escalation in the Middle East pushed **domestic petrol and diesel prices** higher in July.*



Source: ABC

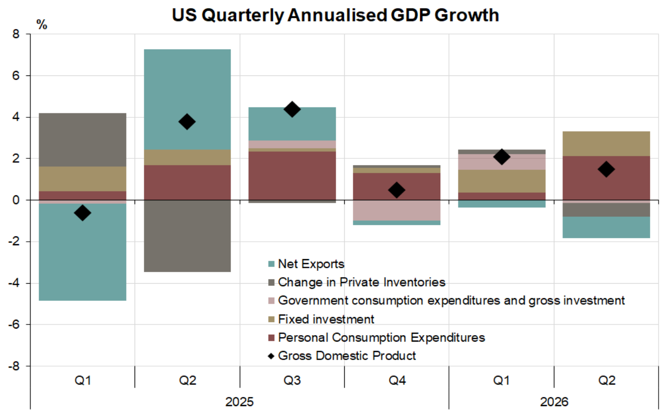
*From other releases this week, **dwelling approvals** picked up in June, led by consents for unit construction.*



Source: ABS

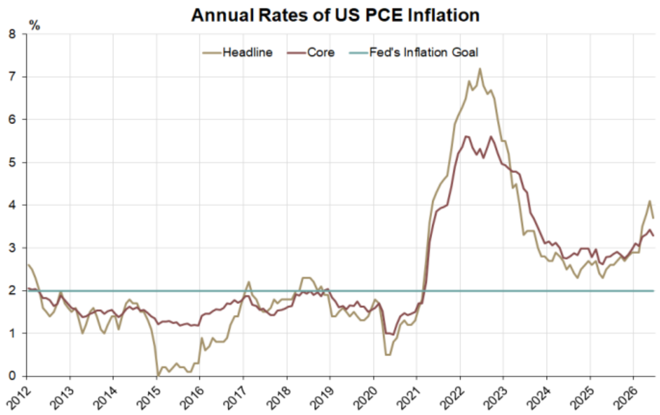
Global Economy

US GDP growth *slowed a bit in Q2, dragged down by negative contribution of net exports and inventories.*



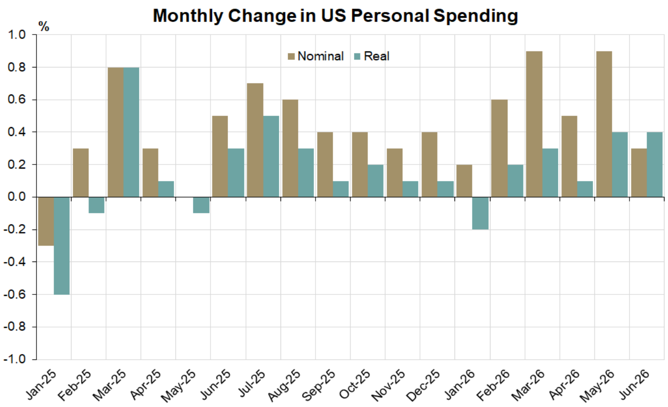
Source: Bloomberg

The annual ***US PCE inflation*** *declined in June, but remained well above the 2% goal.*



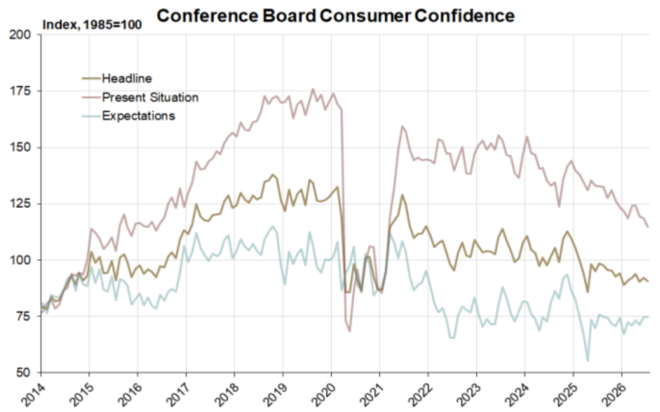
Source: Bloomberg

US consumer spending *continued to rise steadily in real terms in June…*



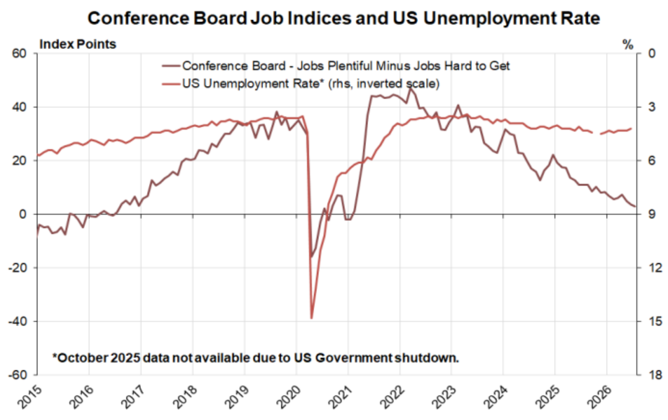
Source: Bloomberg

… which was followed by easing in ***US consumer sentiment****, especially the gauge in current conditions.*



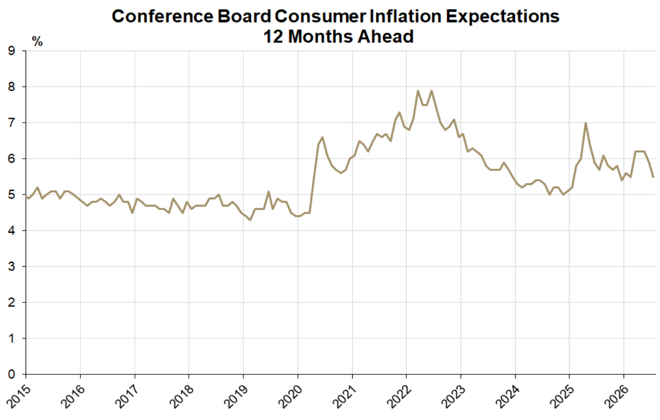
Source: Bloomberg

US consumers perceive ***labour market conditions*** *as the worst in years, but real data is more upbeat.*



Source: Bloomberg

US consumers appear not to be all too concerned about a renewed ***rise in inflation in the coming year****.*



Source: Bloomberg

This Week

Date	Event	Actual	Forecast	Previous	Comment
Mon 27					
US	Durable Goods Orders (MoM, Jun)	0.3%	1.5%	-4.0%	Core capital goods orders saw a solid 0.9% rise.
Tue 28					
US	Conf. Board Cons. Conf. (Jul)	90.8	92.0	92.2	Labour market perceptions deteriorating badly.
US	C-S Hse Prices (MoM, May)	0.2%	0.0%	0.0%	First increase in four months.
Wed 29					
AU	CPI (YoY, Jun)	3.8%	4.0%	4.0%	Both headline and trimmed mean under RBA projections.
US	FOMC Decision (IoR)	3.65%	3.65%	3.65%	Three dissenters preferred a 25bps hike.
Thu 30					
AU	Dwelling Approvals (MoM, Jun)	7.2%	-0.5%	-1.6%	Private sector house approvals saw an uptick of 0.4%.
AU	International Price Indices (Q2)		-	-	Both export and import prices rose more than expected.
UK	BoE Decision (Bank Rate)	3.75%	3.75%	3.75%	The decision was made by a 6-3 majority vote.
US	GDP (QoQ annualised, Q2, 1st)	1.5%	2.0%	2.1%	Net exports were the major drag on growth.
US	Personal Spending (MoM, Jun)	0.3%	0.4%	0.9%	Real spending rose by 0.4%, the same as in May.
US	PCE Price Index (MoM, Jun)	-0.1%	-0.1%	0.5%	Annual inflation down to 3.7% (headline) and 3.1% (core).
Fri 31					
AU	PPI (QoQ, Q2)	1.3%	-	0.4%	Biggest rise in 2 ½ years largely driven by petroleum.
AU	Private Sector Credit (MoM, Jun)	0.8%	0.6%	0.7%	Led by another strong rise in business borrowing.
JP	BoJ Decision (Policy Rate)	1.00%	1.00%	1.00%	BoJ on hold but hawkish. A hike 80% priced for Sep.
CH	NBS Composite PMI (Jul)	49.3	-	50.6	In contraction for the first time in five months.

Next Week

Date	Event	Forecast	Previous	Comment
Mon 03				
AU	Melbourne Institute Inflation (YoY, Jul)	-	3.9%	It was broadly correct in predicting the decline in June.
AU	Cotality Home Value Index (MoM, Jul)	-	-0.6%	The decline was still driven by Sydney and Melbourne.
CH	RatingDog Manufacturing PMI (Jul)	51.5	51.7	Q2 was the strongest quarter for the index since 2020.
US	ISM Manufacturing PMI (Jul)	54.0	53.3	Suggests US manufacturing growth has been strong in 2026.
Tue 04				
AU	Household Spending (MoM, Jul)	0.1%	1.3%	Will be published alongside quarterly volume figures.
AU	ANZ-Indeed Job Ads (MoM, Jul)	-	-0.2%	Has been negative in three of the past four months.
US	JOLTS Job Openings (Jun)	-	7.6m	It was at its highest level since 2024 in April and May.
Wed 05				
CH	RatingDog Services PMI (Jul)	54.0	54.1	Services PMI has been pointing to solid growth.
US	ADP Employment (monthly change, Jul)	75k	98k	Private indicator usually a poor signal for official payrolls.
US	ISM Services PMI (Jul)	54.3	54.0	Has been strong since late 2025.
Thu 06				
AU	Goods Trade Balance (Jun)	-A$1.0b	-A$3.0b	Has been in deficit in two of the past three months.
Fri 07				
CH	Trade Balance (Jul)	US$114b	US$126b	June saw the biggest surplus since early 2025.
US	Non-farm Payrolls (monthly change, Jul)	90k	57k	Payrolls growth slowed in June after a solid three months.
US	Unemployment Rate (Jul)	4.3%	4.2%	Has been drifting lower since peaking at 4.5% in November.
US	New York Fed 1Y Infl. Exp. (Jul)	-	3.7%	The gauge is closely followed by the Fed.