Market Watch Weekly

28 AUGUST 2026

Highlights this week

- In Australia, the RBA Monetary Policy Board minutes came in on the hawkish side, stressing that members will focus on the upside risk to the inflation outlook. Meanwhile, the July inflation figures surprised to the upside, leading to a re-intensification of RBA cash rate hike expectations. Price growth was one of the factors behind the upbeat nominal household spending growth in July. The Westpac leading index continued to point to sub-trend growth ahead.
- Abroad, the annual rates of US headline and core PCE inflation remained unchanged and well above the 2% goal in July. US real personal spending stagnated in July.

Highlights next week

- Another busy week ahead domestically, with Q2 GDP on Wednesday being the key release. Other highlights include July private sector credit on Monday as well as August Cotality home prices, July dwelling approvals and Q2 balance of payments on Tuesday. There is also the July goods trade report on Thursday.
- The highlights offshore include US labour market figures, as well as US and Chinese PMIs. The RBNZ will announce its monetary policy decision, with a hike widely expected by markets.

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	3.64	(↑3 pt)	ASX200	9038	(↓34 pt)
US (IOR)	3.65	(0 pt)	90-day Bills	4.54	(↑4 pt)	2-yr T-Notes	4.23	(↑5 pt)	S&P500	7731	(↑90 pt)
Eurozone (Deposit)	2.25	(0 pt)	3-yr T-Bond	4.67	(↑12 pt)	10-yr T-Notes	4.68	(↓2 pt)	DJIA	53569	(↑810 pt)
UK	3.75	(0 pt)	10-yr T-Bond	5.11	(↑7 pt)	Jap 10-yr	2.91	(↑2 pt)	Nikkei	66029	(↑316 pt)
Japan (Target)	1.00	(0 pt)	3-yr WATC Bond	4.86	(↑11 pt)	UK 10-yr	5.03	(↓4 pt)	CSI300	4630	(↑38 pt)
China (1Y LPR)	3.00	(0 pt)	10-yr WATC Bond	5.44	(↑5 pt)	Ger 10-yr	3.25	(↓1 pt)	Stoxx600	652	(↑2 pt)

Changes are since the previous issue of Market WATCh Weekly.

Financial Markets

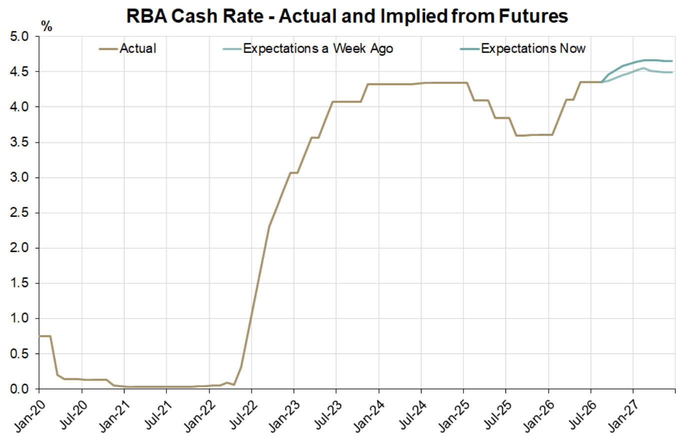
Interest Rates

Aussie government bond yields rose quite significantly this week, especially at the front end of the yield curve, reflecting a re-intensification in cash rate hike expectations following the upside surprise in the domestic inflation figures.

The impact of the upside surprise to inflation figures was magnified by minutes from the August RBA Monetary Policy Board meeting, which stressed that the Board members would remain alert to the upside risks to inflation. Several members appeared more convinced that the upside risks could materialise, which would justify further monetary policy tightening.

At the time of writing, a 25bps cash rate hike at the next Monetary Policy Board meeting in late September is priced in with around a 50% probability. A rate hike is also fully priced in for this cycle, with three out of four 'Big Four' banks seeing a case for a hike in either September or November. For comparison, a week ago, the probability of a rate hike in this cycle was around 70%.

In contrast to Australia, long-term government bond yields declined across the major advanced economies this week, while US Treasury yields saw slight increases at the front end of the yield curve as US PCE inflation surprised slightly to the upside.

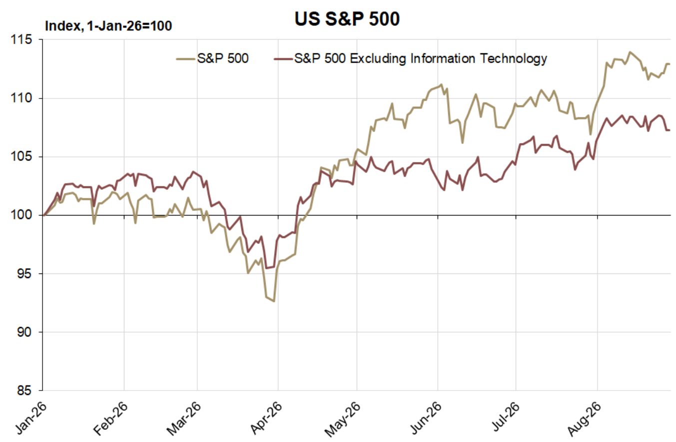


Source: Bloomberg

Equities

It was a positive week for equities. However, the scope of gains was quite narrow, at least in the US, where only four out of 11 sectors were higher for the week. The strongest gains were recorded in information technology, additionally supported by positive results and outlook by semiconductor producer Nvidia.

The Australian share market underperformed its US equivalent, affected by the re-intensification of cash rate hike expectations and the relatively small weight of information technology stocks. At the time of writing, the ASX 200 is flat for the week, with gains and losses equally split across sectors. Information technology saw the strongest gains, while communications led the losses.



Source: Bloomberg

Currencies

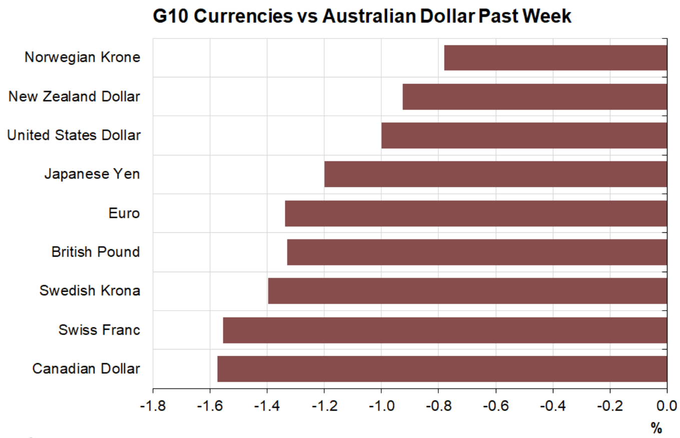
The Australian dollar was the strongest G10 currency over the week, supported by escalating expectations of an RBA cash rate hike following the upside surprise in Australian CPI.

AUD/USD rose to its highest level since late May, despite the US dollar also strengthening against most other major currencies.

The AUD trade-weighted index, which measures the currency against Australia's major trading partners, climbed to its highest level since early May.

The US dollar index recovered from a three-month low as persistent US inflation supported the greenback.

The Canadian dollar was the weakest G10 currency after trade talks with the US broke down and both sides announced new tariffs.



Source: Bloomberg

Spot Rates	Current	High	Low	Change (%)	52-Week High	52-Week Low
AUD/USD	0.7192	0.7198	0.7138	↑1	0.7278	0.6421
AUD/EUR	0.6172	0.6179	0.6123	↑1.3	0.6207	0.4796
AUD/GBP	0.5292	0.5296	0.5237	↑1.3	0.5394	0.4796
AUD/JPY	114.66	114.73	113.59	↑1.2	114.92	95.71
AUD/CNY	4.8353	4.8370	4.7917	↑1.1	4.9567	4.5602
EUR/USD	1.1652	1.1687	1.1637	↓0.3	1.2081	1.1325
GBP/USD	1.3591	1.3656	1.3571	↓0.3	1.3868	1.3010
USD/JPY	159.42	159.53	158.56	↑0.2	163.99	145.49
USD/CNY	6.7199	6.7262	6.7190	↓0.1	7.1549	6.7190

Forward Rates	Spot	3M	6M	12M
AUD/USD	0.7192	0.7180	0.7168	0.7145
AUD/EUR	0.6172	0.6141	0.6110	0.6050
AUD/GBP	0.5292	0.5283	0.5275	0.5262
AUD/JPY	114.66	113.67	112.70	110.83
AUD/NZD	1.2090	1.2042	1.1998	1.1920
AUD/SGD	0.9143	0.9072	0.9000	0.8854

Commodities

Oil prices fell this week amid reports of progress in talks between Iran and Oman to reopen the Strait of Hormuz, alongside hopes of a diplomatic resolution to the Middle East conflict. Prices also came under downward pressure from reports of increased oil flows through the Strait.

Brent crude futures fell to their lowest level in more than two weeks, before partly retracing the decline after the US said it was not interested in talks with Iran.

The Singapore benchmark diesel price eased after rising to a 2½-week high last week. LNG prices fell early in the week, but recovered to finish marginally higher.

Iron ore futures were pulled higher as firmer steel prices in China raised hopes for improving demand.

Copper prices climbed again this week with prices continuing to be supported by high demand and concerns over tight supply.

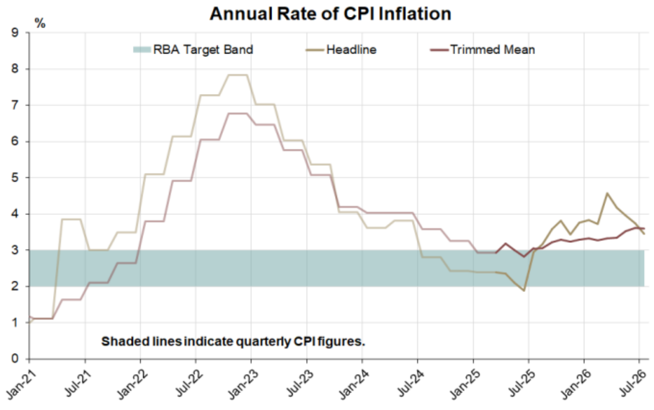
Source: Bloomberg

	Current	High	Low	Change	52-Week High	52-Week Low
Gold (US$)	$4,599.17	$4,696.83	$4,565.60	(↑$88.89)	$5,595.47	$3,384.67
Brent Crude Oil (US$)	$89.57	$94.83	$85.41	(↓$3.79)	$126.41	$58.72
Mogas95* (US$)	$112.91	$125.43	$105.60	(↓$0.74)	$150.55	$68.52
WTI Oil (US$)	$83.53	$87.51	$79.62	(↓$2.78)	$119.48	$54.98
CRB Index	405.17	406.24	399.87	(↑1.76)	406.24	291.69
Iron Ore Price 61% Fe (US$) **	$98.20	$98.50	$95.90	(↑$2.3)	$111.90	$92.85

*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.

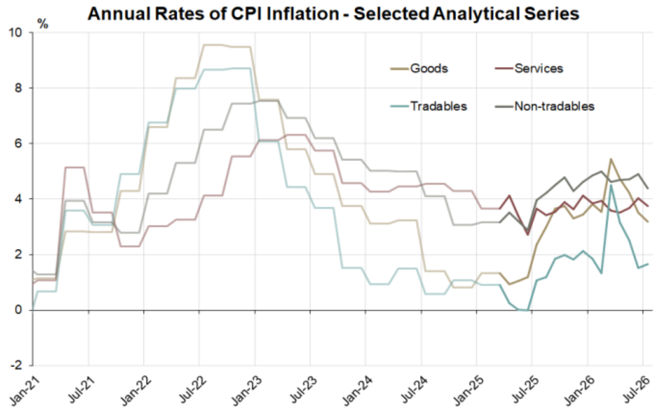
Domestic Economy

The annual rates of headline and trimmed mean CPI inflation remain above the 2-3% target band…



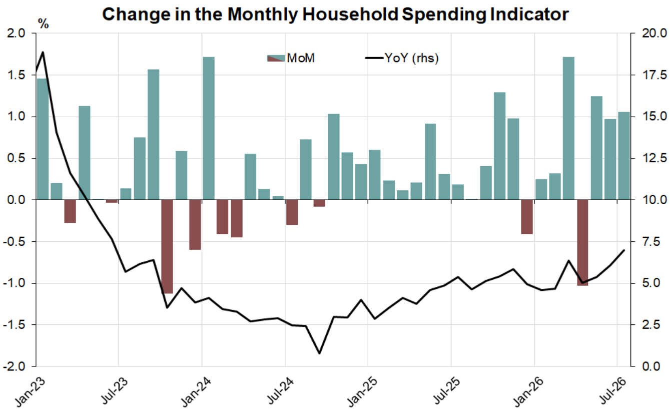
Source: ABS

… with demand-dependent components, such as ***services and non-tradables****, remaining elevated.*



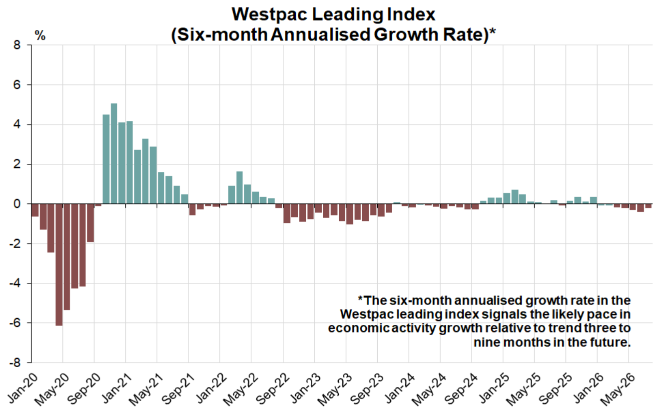
Source: ABS

The rise in prices was one of the factors behind another solid gain in nominal household spending in July.



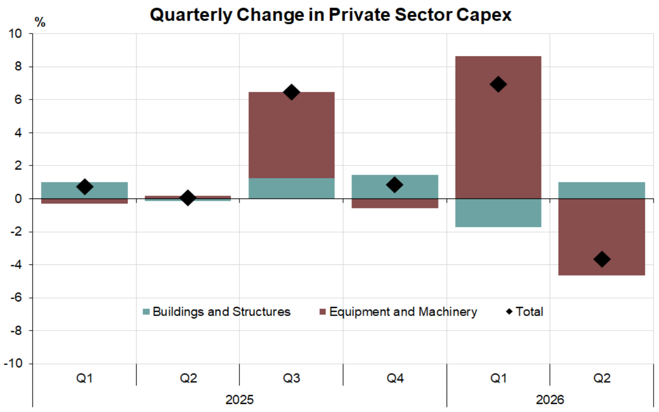
Source: ABS

Meanwhile, the ***Westpac leading index*** *continues to signal sub-trend economic growth ahead.*



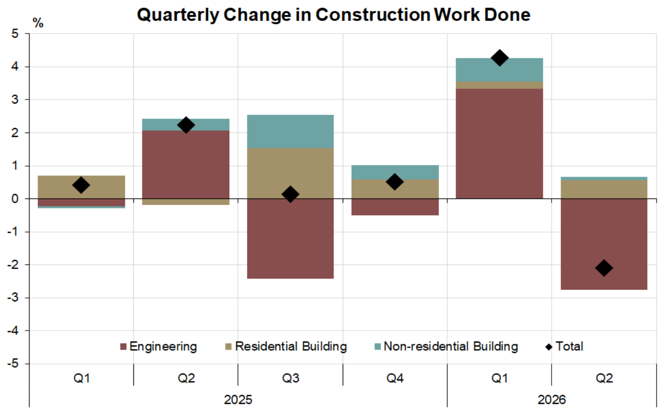
Source: Bloomberg

Private sector capex *declined in Q2 due to a setback in spending for data centre equipment.*



Source: ABS

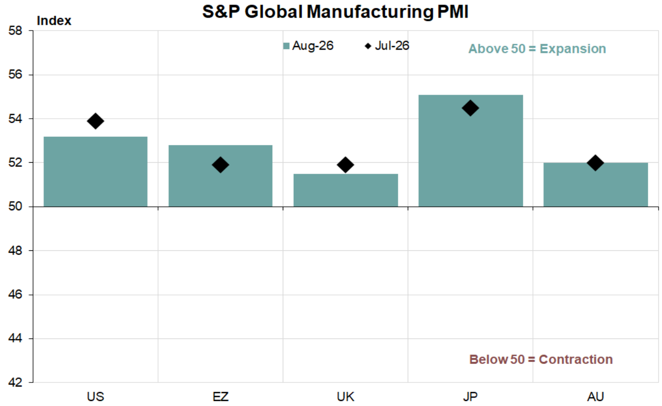
A setback in engineering in Western Australia after a surge in Q1 drove ***construction work done*** *lower in Q2.*



Source: ABS

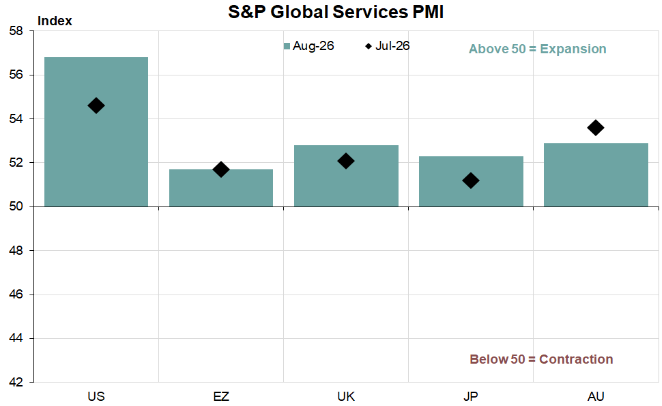
Global Economy

*The **S&P Global PMIs** suggested ongoing expansion in manufacturing across the major advanced economies.*



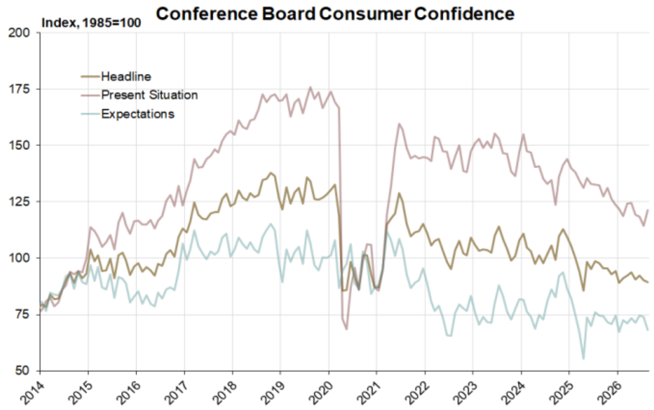
Source: S&P Global

*Solid expansion also continues in **global services**, with rapid acceleration in the US.*



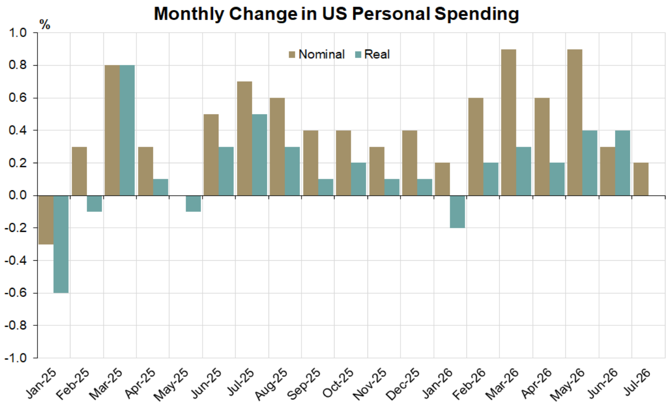
Source: S&P Global

*Good economic conditions in the US do not translate into better **consumer confidence**…*



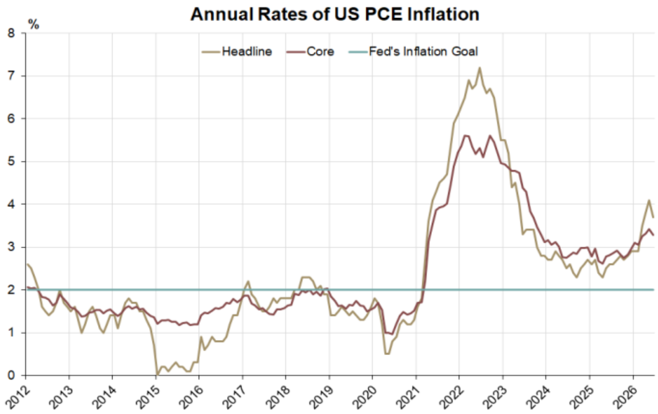
Source: Bloomberg

*… or **real personal spending**, which stagnated in July, while nominal spending growth continued to slow.*



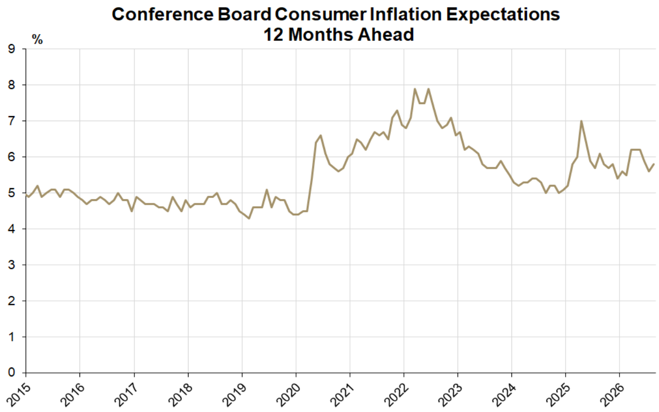
Source: Bloomberg

***US PCE inflation** rates remain stubbornly above the Fed's 2% goal.*



Source: Bloomberg

*However, Conference Board **inflation expectations** have been well-behaving during the US-Iran war so far.*



Source: Bloomberg

Last Week

Date	Event	Actual	Forecast	Previous	Comment
Mon 24					
	No market moving data				
Tue 25					
AU	RBA Minutes	-	-	-	The RBA attentive to upside risks to inflation.
AU	ANZ Cons. Conf. (w/e 22 Aug)	77.5	-	76.5	Inflation expectations at a three-month high.
US	Conf. Board Cons. Conf. (Aug)	89.4	90.2	90.2	Decline led by expectations, current situation seen better.
US	C-S Hse Price 20 City (MoM, Jun)	0.2%	0.1%	0.2%	US house prices climbing despite high mortgage rates.
Wed 26					
AU	CPI (YoY, Jul)	3.5%	3.3%	3.8%	Trimmed mean inflation unchanged at 3.6% vs 3.5% exp.
AU	Westpac Leading Index (MoM, Jul)	0.0%	-	0.1%	Annualised 6m rate signalled sub
AU	Construction Work (QoQ, Q2)	-2.1%	0.4%	4.3%	Dragged down by a drop in engineering work done.
US	Personal Spending (MoM, Jul)	0.2%	0.1%	0.3%	Real personal spending stagnated in July.
US	PCE Price Index (MoM, Jul)	0.2%	0.1%	-0.1%	Annual headline and core PCE inflation way above 2%.
US	Durable Goods Orders (MoM, Jul)	1.1%	0.5%	0.5%	Non-defence orders ex aircraft disappointed in July.
US	GDP (QoQ annualised, Q2)	1.5%	1.5%	1.5%	Upward revision to consumer spending and imports.
Thu 27					
AU	Household Spending (MoM, Jul)	1.1%	0.3%	1.0%	Supported by higher prices and the FIFA World Cup.
AU	Private Sector Capex (QoQ, Q2)	-3.6%	0.8%	6.9%	Setback in spending for data centre equipment.
US	Goods Trade Balance (Jul, adv.)	-$118.8b	-$100.5b	-$101.4b	The widest deficit since just before the 'Liberation Day'.
US	Initial Jobless Claims (w/e 22 Aug)	203k	208k	207k	Continued claims also declined in the w/e 15 August.
Tonight					
US	Jackson Hole Symposium	-	-	-	Well-known for major directional announcements.

Next Week

Date	Event	Forecast	Previous	Comment
Mon 31				
AU	Melbourne Institute Inflation (YoY, Aug)	-	4.0%	First insights into impacts of the end of fuel excise cut.
AU	Private Sector Credit (MoM, Jul)	0.7%	0.8%	Annual growth nearly as strong as at the previous 2022 peak.
CH	NBS Composite PMI (Aug)	-	49.3	Manufacturing, services and construction in contraction in Jul.
Tue 01				
AU	Cotality Home Value Index (MoM, Aug)	-	-0.9%	Decline still driven by Sydney and Melbourne.
AU	Dwelling Approvals (MoM, Jul)	-5.1%	7.2%	The 1.2m new homes goal delayed by 18 months to late 2030.
AU	Current Account Balance (Q2)	-A$30.0b	-A$27.1b	Was the widest on record in Q1, and is to widen further.
CH	RatingDog Manufacturing PMI (Aug)	50.7	50.9	Declined to a four-month low in July.
EZ	HICP (YoY, Aug, flash)	3.2%	2.9%	Has been above the ECB's goal since March.
US	ISM Manufacturing PMI (Aug)	55.2	55.6	S&P Global PMI suggested weaker, but still solid expansion.
US	JOLTS Job Openings (Jul)	7.4m	7.4m	Slightly above the number of officially unemployed.
Wed 02				
AU	GDP (QoQ, Q2)	0.3%	0.3%	Annual growth to slow to 1.9% unseen since Q1 2025.
NZ	RBNZ Decision (Official Cash Rate)	2.75%	2.50%	A hike over 90% priced in.
CA	Bank of Canada (Policy Rate)	2.25%	2.25%	The BoC prefers to wait through the rise in inflation.
US	ADP Employment (monthly change, Aug)	48k	44k	Failed to predict a decline in July.
US	Beige Book	-	-	Anecdotal evidence on economic activity across Fed districts.
Thu 03				
AU	Goods Trade Balance (Jul)	A$1.3b	A$1.9m	Turned back positive in June.
CH	RatingDog Services PMI (Aug)	-	50.4	Saw significant deceleration in July.
US	ISM Services PMI (Aug)	54.3	54.1	S&P Global PMI suggested stronger expansion.
Fri 04				
US	Non-farm Payrolls (monthly change, Aug)	55k	-23k	The decline in July driven by government and hospitality jobs.
US	Unemployment Rate (Aug)	4.1%	4.1%	Has been heading south amid falling labour force participation.