6 August 2026

MORNING REPORT

Today's economic developments and market movements.

Key themes

Markets remained in a holding pattern as participants awaited further developments on a potential 60-day US-Iran interim deal, while reports suggested Iran and Oman had reached an agreement on proposed shipping routes through the Strait.

Equities were mixed, with US and European markets subdued, while Asian markets and the ASX 200 rallied on optimism surrounding a potential US-Iran agreement.

US Treasuries were little changed, while hopes for a reopening of the Strait of Hormuz and subsequent easing inflation concerns saw Australian government bond yields move lower.

The USD softened marginally as markets pared some recent geopolitical risk premium.

Oil traded in a narrow range, with Brent ending the session unchanged. Gold and copper rallied, while iron ore was supported by Typhoon Dolphin lifting global dry bulk shipping rates.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	65.4	0.2%
AUD/USD	0.7058	0.2%
AUD/JPY	111.34	0.2%
AUD/GBP	0.5241	0.0%
AUD/NZD	1.1989	0.3%
AUD/EUR	0.6108	0.0%
AUD/CNH	4.7622	0.2%
AUD/SGD	0.9041	0.1%
AUD/HKD	5.5360	0.2%
AUD/CAD	0.9888	-0.2%
EUR/USD	1.1554	0.2%
USD/JPY	157.75	0.0%
USD Index	99.70	-0.2%

Equities	Close	Change
S&P/ASX 200	9,228	0.9%
S&P 500	7,724	-0.2%
Japan Nikkei	66,300	3.7%
Hang Seng	25,916	0.2%
Euro Stoxx 50	6,477	-0.1%
UK FTSE100	10,888	0.1%
VIX Index	15.81	-4.2%

Commodities	Current	Change
CRB Index	374.49	0.3%
Gold	4246.98	4.1%
Copper	14110	0.3%
Oil (WTI futures)	74.97	-1.1%
Coal (coking)	215.00	1.2%
Coal (thermal)	133.60	-2.2%
Iron Ore	95.15	0.6%
ACCU	36.13	-4.3%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	4.37	0.00
90 day BBSY	4.55	-0.01
180 day BBSY	4.88	0.01
1 year swap	4.56	-0.01
2 year swap	4.51	0.00
3 year swap	4.48	0.00
4 year swap	4.50	0.01
5 year swap	4.53	0.01
6 year swap	4.58	0.01
7 year swap	4.64	0.01
8 year swap	4.69	0.01
9 year swap	4.75	0.01
10 year swap	4.80	0.01

Government Bond Yields	Close	Change
Australia		
3 year bond	4.47	-0.06
10 year bond	4.91	-0.06
United States		
3-month T Bill	3.72	0.01
2 year bond	4.18	-0.01
10 year bond	4.61	0.00
Other (10 year yields)		
Germany	3.11	0.00
Japan	2.83	-0.03
UK	4.89	-0.01

Sydney Futures Exchange	Current	Change
10 yr bond	4.96	0.02
3 yr bond	4.48	0.02
3 mth bill rate	4.47	0.00
SPI 200	9,148	0.0%

Data as at 7:00am AEST. Change is from the previous trading day (excluding the SFE, which is the change during the night session). Source: Bloomberg.

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Financial Markets

Markets remained in a holding pattern overnight as participants awaited further developments on a potential 60 day interim deal between the US and Iran that would reopen the Strait of Hormuz. Qatar indicated a proposal had been drafted and noted that discussions between US and Iranian officials had been constructive. In a positive sign, reports suggested Iran had reached an agreement with Oman on proposed shipping routes through the Strait, potentially marking a first step towards reopening the waterway. Oil prices and global bond yields were little changed on the news.

- US equities were mixed, with the S&P 500 opening higher before paring gains to finish 0.2% lower. Technology stocks weighed on the index, with the NASDAQ down 0.8%, while the Dow Jones outperformed, rising 0.5%. Moves in Europe were muted with the Euro Stoxx 50 down 0.1%, while the FTSE 100 gained 0.1%.
- Asian markets were supported by optimism surrounding a potential US-Iran agreement. The KOSPI gained 3.8%, the Nikkei 225 rose 3.7%, and the Hang Seng added 0.2%. Locally, the ASX 200 also benefited from the improved sentiment, gaining 0.9% to reach a fresh high.
- US Treasuries were little changed overnight. The 2-year yield fell 1bp, while the 10-year yield was unchanged. Futures markets continue to fully price a Fed hike in December, taking the implied year-end Fed funds rate to 3.94%. Elsewhere, the 10-year Bund was unchanged, while the 10-year gilt yield fell 1bp.
- Australian government bond yields moved lower on hopes that the Strait of Hormuz could reopen, easing perceived inflation risks. Both the 3-year and 10-year yields declined 6bps. Swap markets continue to look through the prospect of an RBA rate hike this year, with the implied year-end terminal cash rate at 4.48%.
- FX markets saw the USD soften amid optimism around a potential Strait reopening, with the DXY down 0.2%. The AUD gained 0.2% against the greenback to 0.7058, while the euro also rose 0.2%, sterling gained 0.1%, and the yen was unchanged, remaining at the upper end of the JPY157 handle.
- Oil traded in a relatively narrow range as markets awaited further developments on a potential US-Iran agreement. Brent was unchanged at US$79.4/bbl, while WTI fell 1.1% to US$75.0/bbl. Thermal coal softened 2.2% on expectations of easing pressures across global energy markets.
- Gold rallied strongly, rising 4.1% as markets grew more optimistic about the reopening of the Strait of Hormuz and a lower inflation outlook. Copper gained 0.3% as stockpiling ahead of potential US tariffs continued and sentiment improved around the Strait, while iron ore rose 0.6% as Typhoon Dolphin's approach to China's east coast lifted dry bulk shipping rates.

Today's key data and events

Time	Event	Exp	Prev
11:30	AU Trade Balance Jun	-$1080m	-$3018m
19:00	EZ Retail Sales Jun	0.1%	0.2%
22:30	US Productivity Q2 Prel.	0.6%	0.3%
22:30	US Initial Jobless Claims 1/08/2026	205k	197k
0:00	US Wholesale Inventories Jun Final	0.3%	0.3%

Times are AEST. All data forecasts are m/m or q/q and seasonally adjusted unless otherwise specified. Forecasts for Australian data are our forecasts and for other countries they are consensus forecasts.

International Data

The **US' ISM services index** was broadly unchanged in July at 54.1. New orders lifted modestly, from 55.1 to 57.2; but the employment index deteriorated, from 51.2 to a contractionary 47.4. Highlighting upstream price pressures and potential margin compression, the prices paid series rose to 70.3, almost 10pts above the 20-year average.

US ADP employment growth halved in July from 95k to 44k, coming in well below the market's expectation. Still, the pace of job creation is broadly consistent with demand and supply being in balance.

The **Euro Area PPI** met expectations in June, prices declining 0.3%, helping to slow the annual rate of producer inflation from 5.9% to 4.6%.

Local Data

In New Zealand, the June quarter **Household Labour Force Survey** showed the unemployment rate rising to 5.6%. Employment increased 0.5%qtr, although this was more than offset by a rise in participation to 70.7%. The **Labour Cost Index** rose by 0.6%qtr (see here).

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