7 August 2026

MORNING REPORT

Today's economic developments and market movements.

Key themes

Oil prices saw a renewed upward pressure following reports that the deal between Iran and Oman to reopen maritime traffic through the Strait of Hormuz includes clauses prohibiting ships from hostile countries from entering the strait. The arrangement suggests that oil supply from the Persian Gulf may struggle to recover.

Major equity benchmarks were mixed. The S&P 500 fell 0.2%, extending its decline into a second day. Tech stocks moved broadly sideways, as strong demand for Alphabet's debt issuance suggested investors may be prepared to set aside concerns about excessive AI spending for now.

Higher oil prices signalled that a further inflationary impulse from energy and the situation in the Middle East could not be discounted, sending US dollar higher and government bonds lower. Investors are now awaiting today's US jobs report, which could set the direction for US rates in the near term.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	65.4	0.0%
AUD/USD	0.7032	-0.4%
AUD/JPY	111.42	0.1%
AUD/GBP	0.5226	-0.3%
AUD/NZD	1.1979	-0.1%
AUD/EUR	0.6102	-0.1%
AUD/CNH	4.7454	-0.4%
AUD/SGD	0.9027	-0.2%
AUD/HKD	5.5157	-0.4%
AUD/CAD	0.9852	-0.4%
EUR/USD	1.1521	-0.2%
USD/JPY	158.46	0.4%
USD Index	99.95	0.3%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	4.37	0.00
90 day BBSY	4.55	0.00
180 day BBSY	4.88	0.00
1 year swap	4.58	0.02
2 year swap	4.55	0.03
3 year swap	4.54	0.06
4 year swap	4.53	0.03
5 year swap	4.57	0.03
6 year swap	4.61	0.03
7 year swap	4.67	0.03
8 year swap	4.73	0.03
9 year swap	4.78	0.03
10 year swap	4.83	0.03

Equities	Close	Change
S&P/ASX 200	9,272	0.5%
S&P 500	7,710	-0.2%
Japan Nikkei	65,683	-0.9%
Hang Seng	25,530	-1.5%
Euro Stoxx 50	6,503	0.4%
UK FTSE100	10,868	-0.2%
VIX Index	15.15	-4.2%

Government Bond Yields	Close	Change
Australia		
3 year bond	4.48	0.01
10 year bond	4.92	0.02
United States		
3-month T Bill	3.74	0.01
2 year bond	4.25	0.06
10 year bond	4.68	0.07
Other (10 year yields)		
Germany	3.14	0.03
Japan	2.79	-0.04
UK	4.94	0.05

Commodities	Current	Change
CRB Index	377.00	0.7%
Gold	4236.11	-0.2%
Copper	14104	0.0%
Oil (WTI futures)	77.29	2.8%
Coal (coking)	215.50	0.2%
Coal (thermal)	129.75	0.3%
Iron Ore	95.60	1.8%
ACCU	36.13	-4.3%

Sydney Futures Exchange	Current	Change
10 yr bond	5.01	0.06
3 yr bond	4.54	0.06
3 mth bill rate	4.47	0.00
SPI 200	9,190	0.0%

Data as at 7:30am 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

After falling from above $100 to below $80 in around two weeks, the Brent oil price rose again, hitting $83 and sending government bond yields higher while major global equity benchmarks moved lower. The renewed upward pressure on oil came after reports that the deal between Iran and Oman to reopen maritime traffic through the Strait of Hormuz includes clauses prohibiting ships from hostile countries, principally the US and Israel, from entering the strait. Iran is also planning to charge hostile countries a transit fee. The arrangement suggests that oil supply from the Persian Gulf may struggle to recover. In addition, reports suggest that Iran struck hostile targets at the entrance to the Strait of Hormuz, likely in an attempt to demonstrate the threat posed to those that do not comply with the new rules.

- Major equity benchmarks were mixed. The S&P 500 fell 0.2%, extending its decline into a second day after substantial gains over the previous two sessions. Tech stocks moved broadly sideways, as strong demand for Alphabet's debt issuance suggested investors may be prepared to set aside concerns about excessive AI spending for now. Energy stocks rose, but real estate and industrials led the way lower.
- Elsewhere, the Euro Stoxx 50 rose 0.4%, as strong earnings results drove notable gains in media and telecoms. Asian equities were mostly in the red: the Nikkei was down almost 1%, while South Korea's Kospi, which has been highly volatile recently given its exposure to major semiconductor producers, fell around 4.5%. Australia's ASX 200 rose 0.5%, marking a fifth consecutive daily gain, supported by higher commodity prices.
- Higher oil prices signalled that a further inflationary impulse from energy and the situation in the Middle East could not be discounted, sending bond yields higher. US Treasuries sold off, with the whole curve shifting about 6-7bp higher. Investors are now awaiting today's US jobs report, which could set the direction for US rates in the near term. Major European government bonds traded in a similar way, with the 10Y Gilt yield up 5bp and the equivalent Bund yield rising 3bp. Moves in Australian government bond yields were more modest, around 1–2bp, but futures are signalling a larger sell-off at the market open today.
- In currency markets, the DXY rose 0.3%, with the EUR, GBP and yen depreciating 0.2%, 0.1% and 0.4%, respectively. The yen weakened above 158 for the first time since government intervention in the FX market helped pull it back from above 163 to as low as 157.2 earlier this week. The Aussie dollar was also weaker, falling 0.4% to 0.7032.

Today's key data and events

Time	Event	Exp	Prev
9:30	JP Household Spending Jun	0.9%	-0.4%
22:30	US Nonfarm Payrolls Jul	80k	57k
22:30	US Average Hourly Earnings Jul	0.3%	0.3%
22:30	US Unemployment Rate Jul	4.2%	4.2%
1:00	US US NY Fed 1-Yr Expectations Jul	-	3.7%
5:00	US Consumer Credit Jun	US$11.2b	-US$0.2b

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.

- News flow around the Iran-Oman deal saw the October Brent contract rise above $83, while September WTI moved to $77.3. Gold was little changed, continuing to trade above the $4,200 mark after surging earlier this week. Copper also moved sideways, remaining above $14,000. Iron ore rose 1.8%, reversing losses from earlier in the week.

International Data

In the US, **wholesale inventories** rose 0.2% in June, a touch below expectations. Meanwhile, **initial jobless claims** were little changed at 199k last week, continuing to signal low labour-market churn, in line with the latest JOLTS and employment reports.

Euro area retail sales surprised to the downside in June, falling 0.3%mth, the second-weakest result in more than a year. Fuel sales increased 1.5%mth after decreasing notably over the prior two months. However, that increase was offset by weakness in food and non-food categories, which fell 0.5%mth and 0.4%, respectively. Over Q2, retail sales still increased 0.4%, double the pace seen in Q1, suggesting European consumers remained resilient despite higher energy prices in recent months.

Local Data

Australian international trade data remained volatile amid sizeable swings across a range of exports and imports. Balance on goods likely to detract around 0.5ppt from growth in Q2 2026 (see here).

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