11 August 2026

MORNING REPORT

Today's economic developments and market movements.

Key themes

Trump lashed out at Iran's demand for compensation, saying he would seek payment from Iran for all the people it has killed and wounded – a demand Iran almost certainly will never accept.

Trump's comments sent oil prices higher again, making investors more nervous about inflationary pressures ahead of Wednesday's key US CPI report.

Major equity benchmarks were mixed. Higher oil prices added upward pressure to government bond yields. The DXY gained.

The Japanese yen was in the spotlight again, depreciating 1% to 159.28 and erasing some of the gains seen after recent market intervention by Japanese and US authorities.

Domestically, all eyes today are on the RBA, with the central bank widely expected to leave the cash rate unchanged.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	65.6	0.5%
AUD/USD	0.7056	-0.2%
AUD/JPY	112.38	0.8%
AUD/GBP	0.5224	-0.3%
AUD/NZD	1.2000	0.0%
AUD/EUR	0.6113	0.0%
AUD/CNH	4.7600	-0.1%
AUD/SGD	0.9030	-0.1%
AUD/HKD	5.5361	-0.2%
AUD/CAD	0.9835	-0.2%
EUR/USD	1.1543	-0.1%
USD/JPY	159.28	1.0%
USD Index	99.81	0.3%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	4.36	-0.01
90 day BBSY	4.55	-0.01
180 day BBSY	4.88	0.00
1 year swap	4.60	0.01
2 year swap	4.57	0.02
3 year swap	4.57	0.05
4 year swap	4.58	0.05
5 year swap	4.62	0.05
6 year swap	4.66	0.05
7 year swap	4.71	0.05
8 year swap	4.77	0.05
9 year swap	4.82	0.05
10 year swap	4.87	0.05

Equities	Close	Change
S&P/ASX 200	9,233	-0.3%
S&P 500	7,753	-0.1%
Japan Nikkei	66,970	2.1%
Hang Seng	25,937	1.0%
Euro Stoxx 50	6,536	0.2%
UK FTSE100	10,863	-0.4%
VIX Index	15.46	3.8%

Commodities	Current	Change
CRB Index	390.15	2.4%
Gold	4390.96	1.1%
Copper	14160	0.6%
Oil (WTI futures)	82.13	5.1%
Coal (coking)	217.25	0.8%
Coal (thermal)	136.20	3.5%
Iron Ore	95.25	0.0%
ACCU	36.13	-4.3%

Government Bond Yields	Close	Change
Australia		
3 year bond	4.54	0.00
10 year bond	5.00	-0.02
United States		
3-month T Bill	3.72	0.01
2 year bond	4.24	0.05
10 year bond	4.71	0.06
Other (10 year yields)		
Germany	3.18	0.05
Japan	2.83	0.02
UK	4.99	0.07

Sydney Futures Exchange	Current	Change
10 yr bond	5.04	0.04
3 yr bond	4.58	0.03
3 mth bill rate	4.47	0.00
SPI 200	9,178	0.0%

Data as at 7:15am 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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Today's key data and events

Time	Event	Exp	Prev
11:30	AU NAB Business Conditions Jul	-	3pts
14:30	AU RBA Policy Decision 11/08/2026	4.4%	4.4%
14:30	AU RBA Statement On Monetary Policy	-	-
20:00	US NFIB Small Business Optimism Jul	97.3pts	97.4pts
0:00	US Existing Home Sales Jul	-1.0%	-2.4%

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.

Financial Markets

President Trump's comments over the weekend – that he is prepared to wait until mounting pressure on the Iranian economy, rather than military strikes, brings Iran back to the negotiating table – suggested that the conflict could shift into a slower phase. In the meantime, however, Trump lashed out at Iran's demand for compensation, saying he would seek payment from Iran for all the people it has killed and wounded – a demand Iran almost certainly will never accept. This signals that the two countries remain far apart from serious negotiations, let alone finding workable solutions that a needed to reopen the Strait of Hormuz.

Trump's comments sent oil prices higher again, making investors more nervous about inflationary pressures ahead of Wednesday's key US CPI report. Domestically, all eyes today are on the RBA, with the central bank widely expected to leave the cash rate unchanged.

- Major equity benchmarks were mixed. The S&P500 was down 0.1% as energy stocks followed oil prices higher and tech stocks were little changed, despite reports that Nvidia is partnering with major US investment companies to fund further expansion in AI infrastructure. Europe's Euro Stoxx 50 followed a similar pattern but ended the day 0.2% higher. Asian markets traded mostly in the green, with the Nikkei 225 gaining 2.1% on the back of currency depreciation, while South Korea's Kospi, which is heavily exposed to semiconductor makers, stabilised after heavy losses in the second half of last week. Domestically, the ASX 200 fell 0.3%, driven mainly by losses in the financial sector.
- Higher oil prices added upward pressure to government bond yields. The US Treasury curve shifted 4-6bp higher, with the short end reversing some of Friday's gains after US payrolls delivered a large downside surprise. The 10Y yield hit 4.71%, just below the peak seen at the end of July. Markets are now pricing around a 50% probability that the FOMC will tighten monetary policy at its next meeting in September.
- Other major government bonds also sold off notably. The 10Y Gilt yield jumped 7bp to just below the 5% mark, while the equivalent Bund yield rose 5bp to 3.18%. Australian government bonds made gains at the long end, with the 10Y yield down 2bp, a move that futures pricing suggests is likely to be reversed at the market open today.
- In FX markets, the DXY remained volatile, appreciating 0.3% after a move of similar magnitude in the opposite direction on Friday. The yen was in the spotlight again, depreciating 1% to 159.28 and erasing some of the gains seen after recent market intervention by Japanese and US authorities. The move suggests that, without fresh support from authorities, weak fundamentals – wide interest rate differentials and concerns about Japan's public finances – are set to continue dragging the yen lower. Among other major currencies, the EUR was down 0.1%, while GBP gained 0.1%. The AUD eased 0.2% to 0.7057 as investors positioned ahead of the RBA announcement.
- Headlines about Trump demanding compensation from Iran sent oil prices higher. The October Brent contract rose more than $4 to $87.9, while the September WTI contract gained slightly less, reaching $82.1. Gold extended Friday's gains, rising 1.1%.

International Data

The Sentix survey of euro area institutional and individual investors suggested that sentiment improved this month, with the headline indicator rising from -3.1 in July to 0.9, its highest level since February and close to its long-run average of around zero. The result continues the recovery from the trough of -19.2 in April. Assessments of both current conditions and expectations improved; however, while the former remained well below historical norms, the latter was well above its long-run average.

Cleveland Fed President Beth Hammack, one of the three dissenters who voted for a hike at last month's FOMC meeting, suggested that several fed funds rate hikes are likely to be needed. "I would say in general, one 25bp move probably doesn't do a whole lot for the economy," she said.

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