13 August 2026

MORNING REPORT

Today's economic developments and market movements.

Key themes

Markets were mixed as renewed confidence in the AI trade contrasted with limited progress towards reopening the Strait of Hormuz. Attention shifted to the US CPI release, with core inflation moderating to 2.5%yr, in line with market expectations.

Equities were mixed, with US markets supported by the benign inflation outcome, while Korea's AI-exposed KOSPI led gains.

US Treasuries were little changed following the CPI release, although markets pared expectations for a September Fed rate hike to 40% from 50%.

The USD recovered earlier losses to finish modestly higher, with the AUD unchanged against the greenback.

Oil prices traded in a narrow range before ending lower following a larger-than-expected build in US crude inventories over the week, while gold gained on the benign inflation print.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	65.6	0.2%
AUD/USD	0.7062	0.0%
AUD/JPY	112.59	0.1%
AUD/GBP	0.5233	0.1%
AUD/NZD	1.2054	0.4%
AUD/EUR	0.6128	0.2%
AUD/CNH	4.7648	0.0%
AUD/SGD	0.9044	0.1%
AUD/HKD	5.5420	0.0%
AUD/CAD	0.9845	0.1%
EUR/USD	1.1526	-0.1%
USD/JPY	159.42	0.1%
USD Index	99.97	0.1%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	4.37	0.00
90 day BBSY	4.56	0.00
180 day BBSY	4.89	0.01
1 year swap	4.58	-0.01
2 year swap	4.56	-0.01
3 year swap	4.53	-0.02
4 year swap	4.54	-0.01
5 year swap	4.58	-0.01
6 year swap	4.63	-0.01
7 year swap	4.69	-0.01
8 year swap	4.74	-0.01
9 year swap	4.80	0.00
10 year swap	4.85	0.00

Equities	Close	Change
S&P/ASX 200	9,209	-0.4%
S&P 500	7,749	0.3%
Japan Nikkei	67,524	0.8%
Hang Seng	25,440	-0.8%
Euro Stoxx 50	6,534	-0.3%
UK FTSE100	10,833	-0.1%
VIX Index	14.55	-4.8%

Government Bond Yields	Close	Change
Australia		
3 year bond	4.55	-0.01
10 year bond	5.02	-0.01
United States		
3-month T Bill	3.70	-0.01
2 year bond	4.20	-0.01
10 year bond	4.69	0.00
Other (10 year yields)		
Germany	3.16	0.00
Japan	2.86	0.03
UK	4.97	0.01

Commodities	Current	Change
CRB Index	393.19	0.7%
Gold	4407.14	0.9%
Copper	14132	-0.2%
Oil (WTI futures)	82.64	-0.7%
Coal (coking)	221.00	1.5%
Coal (thermal)	136.40	0.1%
Iron Ore	95.85	-0.2%
ACCU	36.13	-4.3%

Sydney Futures Exchange	Current	Change
10 yr bond	5.02	-0.01
3 yr bond	4.54	-0.02
3 mth bill rate	4.47	0.00
SPI 200	9,129	-0.3%

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 were mixed overnight as renewed confidence in the AI trade contrasted with oil prices remaining little changed, with the US and Iran hardening their positions and little progress made towards reopening the Strait of Hormuz. With the stalemate in the Middle East continuing, attention turned to the US CPI release, where core inflation moderated to 2.5%yr. The result was in line with expectations and saw markets trim their expectations for a September Fed rate hike.

- US equities were mixed but generally supported by the benign inflation outcome. The S&P 500 rose 0.3%, while the NASDAQ gained 0.5% and the Dow Jones was unchanged. In Europe, concerns around the conflict in the Middle East weighed on sentiment, with the Euro Stoxx 50 down 0.3% and the FTSE 100 lower by 0.1%.
- Asian markets were mixed, with the AI-exposed KOSPI leading gains, up 3.7%, after CoreWeave and Super Micro posted upbeat sales forecasts on the back of strong AI demand. The Nikkei 225 gained 0.8%, while the Hang Seng declined 0.8%. Locally, the ASX 200 fell 0.4%.
- US Treasuries weakened ahead of the US CPI release before retracing losses to finish little changed on net. The 2-year yield fell 1bp, while the 10-year yield was unchanged. Futures markets have pared expectations for a Fed hike in September to 40% from 50%, while a move in December remains fully priced, taking the implied year-end Fed funds rate to 3.90%.
- Australian government bond yields were little changed, partially reversing the previous session's moves, with both the 3-year and 10-year yields down 1bp. Swap markets continue to look through the prospect of an RBA rate hike this year, with the implied year-end terminal cash rate at 4.51%.
- FX markets saw the USD recover from earlier losses ahead of the US CPI release, with the DXY rising 0.1%. The AUD was unchanged against the greenback at 0.7062, while the euro, sterling and yen each declined 0.1% against the USD. The yen nevertheless remained below the 160 mark against the dollar.
- With progress towards reopening the Strait of Hormuz remaining elusive, oil prices traded in a narrow range before ending lower after the EIA reported a larger-than-expected increase in US crude inventories. Brent fell 0.6% to US$88.4/bbl, while WTI declined 0.7% to US$82.6/bbl. Gold gained 0.9% on the benign inflation outcome, while copper fell 0.2% on softer Chinese demand and aluminium declined 1.6%. Iron ore was down 0.2%.

Today's key data and events

Time	Event	Exp	Prev
13:00	NZ RBNZ Inflation Expectations Q3	-	2.5%
16:00	GB GDP Q2 Prel.	0.4%	0.6%
16:00	GB Trade Balance Jun	-£2700b	-£1044b
19:00	EZ Industrial Production Jun	0.0%	-0.2%
22:30	US Initial Jobless Claims 8/08/2026	202k	199k
22:30	US PPI Jul	0.2%	-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 CPI** met the market's modest expectations in July, headline prices rising 0.1% and core inflation printing at 0.2%. Core inflation has now moderated to 2.5%yr. The detail of the monthly print was also benign. Core goods inflation rose 0.2%, but this followed two -0.1% outcomes. Over the past 7 months, core goods prices are essentially flat. Core services inflation also rose 0.2% in July, supported by continued volatility in medical care services, up 0.6% in the month, and transport services recovering part of the prior 2 months' declines, +0.3%. Shelter meanwhile gained just 0.1% for a second consecutive month after years of above-average price increases.

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