17 August 2026

MORNING REPORT

Today's economic developments and market movements.

Key themes

Risk sentiment deteriorated late in Friday's session as geopolitical tensions escalated. US Treasury Secretary Scott Bessent flagged unprecedented economic measures against Iran, helping lift WTI crude 1.4% to US$82.40/bbl.

Major US equity indices reversed earlier gains amid renewed geopolitical concerns, with the S&P 500 falling 0.2%, although it still recorded its third consecutive weekly gain.

Softer US economic data, including retail trade and consumer sentiment, increased expectations that the Fed has finished its hiking cycle. Markets now price around 20bps of additional tightening by end-2026, down from 28bps a week ago.

The Aussie rose 0.4% to US$0.7084 against the greenback, while commodity markets were mixed, with gains in oil, coking coal and gold offset by declines in iron ore and thermal coal prices.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	65.6	0.2%
AUD/USD	0.7084	0.4%
AUD/JPY	112.87	0.3%
AUD/GBP	0.5233	0.0%
AUD/NZD	1.2024	-0.3%
AUD/EUR	0.6123	0.0%
AUD/CNH	4.7782	0.3%
AUD/SGD	0.9063	0.3%
AUD/HKD	5.5600	0.4%
AUD/CAD	0.9834	0.0%
EUR/USD	1.1570	0.4%
USD/JPY	159.32	-0.1%
USD Index	99.67	-0.3%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	4.37	0.00
90 day BBSY	4.56	0.00
180 day BBSY	4.87	-0.01
1 year swap	4.58	0.02
2 year swap	4.56	0.03
3 year swap	4.55	0.05
4 year swap	4.56	0.05
5 year swap	4.60	0.05
6 year swap	4.66	0.06
7 year swap	4.72	0.06
8 year swap	4.78	0.06
9 year swap	4.83	0.06
10 year swap	4.88	0.07

Equities	Close	Change
S&P/ASX 200	9,115	-0.8%
S&P 500	7,786	-0.2%
Japan Nikkei	68,714	0.6%
Hang Seng	25,117	-1.1%
Euro Stoxx 50	6,540	-0.1%
UK FTSE100	10,750	-0.2%
VIX Index	14.25	-2.6%

Commodities	Current	Change
CRB Index	391.41	0.8%
Gold	4376.40	0.6%
Copper	14160	0.1%
Oil (WTI futures)	82.40	1.4%
Coal (coking)	225.00	1.4%
Coal (thermal)	137.60	-0.3%
Iron Ore	95.75	-0.2%
ACCU	36.13	-4.3%

Government Bond Yields	Close	Change
Australia		
3 year bond	4.52	0.01
10 year bond	5.01	0.02
United States		
3-month T Bill	3.69	-0.02
2 year bond	4.17	0.03
10 year bond	4.69	0.05
Other (10 year yields)		
Germany	3.20	0.07
Japan	2.89	0.01
UK	5.04	0.08

Sydney Futures Exchange	Current	Change
10 yr bond	5.06	0.05
3 yr bond	4.56	0.04
3 mth bill rate	4.51	0.01
SPI 200	9,015	-0.4%

Data as at 6:55am AEST. Change is from the previous trading day (excluding the SFE, which is the change during the night session). Source: Bloomberg.

Past performance is not a reliable indicator of future performance. The forecasts given above are predictive in character. Whilst every effort has been taken to ensure that the assumptions on which the forecasts are based are reasonable, the forecasts may be affected by incorrect assumptions or by known or unknown risks and uncertainties. The results ultimately achieved may differ substantially from these forecasts.

Pat Bustamante
Senior Economist, Westpac Group
P: +61 468 571 786
E: pat.bustamante@westpac.com.au

Financial Markets

- After a strong start to Friday's session, risk sentiment deteriorated amid ongoing conflict in the Middle East and still elevated oil prices. US Treasury Secretary Scott Bessent told Newsmax that the US will unveil unprecedented economic measures against Iran next week, helping lift WTI crude 1.4% to US$82.40/bbl. Earlier in the session, softer US data pointing to a pause in interest rates had supported risk appetite.
- After reaching a record high as softer economic data reinforced expectations that the Fed had finished its hiking cycle, key US equity indices reversed course amid renewed geopolitical concerns. Even so, US equities posted a third consecutive weekly gain. The S&P 500 fell 0.2% to 7,786 but finished the week 0.4% higher. The Dow Jones Industrial Average also lost 0.2% and ended the week 0.6% lower, while the tech-heavy Nasdaq declined 0.3% on the day but was up 0.2% over the week.
- European equities were mixed but remained near record highs, supported by data showing that GDP growth is accelerating in the euro area. The Euro Stoxx 50 fell 0.1% to 6,540, Germany's DAX rose 0.5%, the FTSE 100 fell 0.2% to 10,750, and France's CAC eased 0.2%. Asian markets were also mixed, with the Hang Seng down 1.1% to 25,117, while the Nikkei rose 0.6% to 68,714. Locally, the S&P/ASX 200 fell 0.8% to 9,115. SPI futures are 0.4% lower at 9,015, pointing to a soft open for the domestic market.
- Bond markets were mixed overnight. In the US, the 2-year Treasury yield rose 3bps to 4.17%, while the 10-year Treasury yield increased 5bps to 4.69%. Traders are now pricing around 20bps of rate hikes by the end of 2026 in the US, down from around 28bps a week ago. European yields also moved higher, with German 10-year Bund yields up 7bps to 3.20% and UK 10-year gilt yields up 8bps to 5.04%. Japanese 10-year government bond yields rose 1bp to 2.89%.
- Australian bond markets remained under pressure, with the 3-year government bond yield rising 1bp to 4.52% and the 10-year yield increasing 2bps to 5.01%. Futures markets also weakened, with the 3-year contract up 4bps to 4.56% and the 10-year contract up 5bps to 5.06%. OIS pricing suggests a terminal cash rate of around 4.50% this year.
- In foreign exchange markets, the US dollar index fell 0.3% to 99.67. The Aussie rose 0.4% to US$0.7084 against the greenback. It also strengthened against the yen (+0.3%), Chinese yuan (+0.3%), Singapore dollar (+0.3%) and Hong Kong dollar (+0.4%), while easing against the New Zealand dollar (-0.3%). The Australian dollar was broadly unchanged against the pound sterling, euro and Canadian dollar.

Today's key data and events

Time	Event	Exp	Prev
8:30	NZ BusinessNZ PSI Jul	-	50.6pts
8:45	NZ Food Price Index Jul	-	0.6%
8:45	NZ Card Spending Jul	-	-1.2%
9:01	GB Rightmove House Prices Aug	-	-1.0%
9:50	JP GDP Q2 Prel.	0.5%	0.5%
12:00	CN Retail Sales YoY YTD Jul	1.4%	1.3%
12:00	CN Industrial Production YoY YTD Jul	5.3%	5.4%
12:00	CN Fixed Asset Investment YoY YTD Jul	-6.2%	-5.7%
14:30	JP Industrial Production Jun Final	-	1.3%
22:30	CA CPI Jul	-	-0.4%
22:30	US Fed Empire State Manufacturing Aug	9.6pts	15.6pts
0:00	US NAHB Housing Market Aug	33pts	34pts

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.

- Commodity prices were mostly higher. The commodity index rose 0.8%. WTI crude oil increased 1.4% to US$82.40/bbl. Coking coal rose 1.4% to US$225/t, while copper increased 0.1% and gold gained 0.6%. In contrast, iron ore slipped 0.2% to US$95.75/t, thermal coal fell 0.3%, and ACCU prices declined 4.3%.

International Data

US retail sales disappointed in July, falling 0.6% on a headline basis and 0.2% excluding autos and gas. The control group was particularly weak, falling 0.4% in the month compared to a +0.3% expectation.

University of Michigan consumer sentiment fell to 51 in the preliminary estimate for August from 55.2 in July. The current level is just above the historic low of 49.5. Current conditions and expectations both fell sharply in the month to 51.8 and 50.6. Inflation expectations were broadly unchanged. **US business inventories** were flat in June following a revised 0.4% gain in May (prev 0.3%).

Q2 Euro Area GDP was confirmed at a robust 0.4% and 1.0%yr in the second estimate. Employment edged up 0.1% in Q2 to be 0.5% higher over the year.

FOMC member Goolsbee said he's encouraged by the recent cooling in inflation but wants to see more.

Local Data

The value of **new dwelling finance** approvals ex refinance fell 5.2%qtr in Q2, the largest quarterly drop in three years. Borrowing by investors led total approvals lower. Volumes were down 8.6%qtr, leading to a 10.2%qtr drop in values (see here).

The **Westpac Market Outlook** for August was released on Friday and provides an updated view on conditions and forecasts for financial markets and the real economy (see here).

Past performance is not a reliable indicator of future performance. The forecasts given above are predictive in character. Whilst every effort has been taken to ensure that the assumptions on which the forecasts are based are reasonable, the forecasts may be affected by incorrect assumptions or by known or unknown risks and uncertainties. The results ultimately achieved may differ substantially from these forecasts.

Corporate Directory

Westpac Economics / Australia

Sydney
Level 19, 275 Kent Street
Sydney NSW 2000
Australia

E: economics@westpac.com.au

Luci Ellis
Chief Economist Westpac Group
E: luci.ellis@westpac.com.au

Matthew Hassan
Head of Australian Macro–Forecasting
E: mhassan@westpac.com.au

Elliot Clarke
Head of International Economics
E: eclarke@westpac.com.au

Sian Fenner
Head of Business and Industry Economics
E: sian.fenner@westpac.com.au

Justin Smirk
Senior Economist
E: jsmirk@westpac.com.au

Pat Bustamante
Senior Economist
E: pat.bustamante@westpac.com.au

Mantas Vanagas
Senior Economist
E: mantas.vanagas@westpac.com.au

Ryan Wells
Economist
E: ryan.wells@westpac.com.au

Illiana Jain
Economist
E: illiana.jain@westpac.com.au

Neha Sharma
Economist
E: neha.sharma1@westpac.com.au

Luka Belobrajdic
Economist
E: luka.belobrajdic@westpac.com.au

Westpac Economics / New Zealand

Auckland
Takutai on the Square
Level 8, 16 Takutai Square
Auckland, New Zealand

E: economics@westpac.co.nz

Kelly Eckhold
Chief Economist NZ
E: kelly.eckhold@westpac.co.nz

Michael Gordon
Senior Economist
E: michael.gordon@westpac.co.nz

Darren Gibbs
Senior Economist
E: darren.gibbs@westpac.co.nz

Satish Ranchhod
Senior Economist
E: satish.ranchhod@westpac.co.nz

Paul Clark
Industry Economist
E: paul.clarke@westpac.co.nz

Westpac Economics / Fiji

Suva
1 Thomson Street
Suva, Fiji

Shamal Chand
Senior Economist
E: shamal.chand@westpac.com.au

westpaciq.com.au

©2026 Westpac Banking Corporation ABN 33 007 457 141 (including where acting under any of its Westpac, St George, Bank of Melbourne or BankSA brands, collectively, "Westpac"). References to the "Westpac Group" are to Westpac and its subsidiaries and includes the directors, employees and representatives of Westpac and its subsidiaries.

Things you should know

We respect your privacy: You can view the New Zealand Privacy Policy here, or the Australian Group Privacy Statement here. Each time someone visits our site, data is captured so that we can accurately evaluate the quality of our content and make improvements for you. We may at times use technology to capture data about you to help us to better understand you and your needs, including potentially for the purposes of assessing your individual reading habits and interests to allow us to provide suggestions regarding other reading material which may be suitable for you.

This information, unless specifically indicated otherwise, is under copyright of the Westpac Group. None of the material, nor its contents, nor any copy of it, may be altered in any way, transmitted to, copied of distributed to any other party without the prior written permission of the Westpac Group.

Disclaimer

This information has been prepared by Westpac and is intended for information purposes only. It is not intended to reflect any recommendation or financial advice and investment decisions should not be based on it. This information does not constitute an offer, a solicitation of an offer, or an inducement to subscribe for, purchase or sell any financial instrument or to enter into a legally binding contract. To the extent that this information contains any general advice, it has been prepared without taking into account your objectives, financial situation or needs and before acting on it you should consider the appropriateness of the advice. Certain types of transactions, including those involving futures, options and high yield securities give rise to substantial risk and are not suitable for all investors. We recommend that you seek your own independent legal or financial advice before proceeding with any investment decision.

This information may contain material provided by third parties. While such material is published with the necessary permission none of Westpac or its related entities accepts any responsibility for the accuracy or completeness of any such material. Although we have made every effort to ensure this information is free from error, none of Westpac or its related entities warrants the accuracy, adequacy or completeness of this information, or otherwise endorses it in any way. Except where contrary to law, Westpac Group intend by this notice to exclude liability for this information. This information is subject to change without notice and none of Westpac or its related entities is under any obligation to update this information or correct any inaccuracy which may become apparent at a later date. This information may contain or incorporate by reference forward looking statements. The words "believe", "anticipate", "expect", "intend", "plan", "predict", "continue", "assume", "positioned", "may", "will", "should", "shall", "risk" and other similar expressions that are predictions of or indicate future events and future trends identify forward-looking statements. These forward-looking statements include all matters that are not historical facts. Past performance is not a reliable indicator of future performance, nor are forecasts of future performance. Whilst every effort has been taken to ensure that the assumptions on which any forecasts are based are reasonable, the forecasts may be affected by incorrect assumptions or by known or unknown risks and uncertainties. The ultimate outcomes may differ substantially from any forecasts.

Conflicts of Interest: In the normal course of offering banking products and services to its clients, the Westpac Group may act in several capacities (including issuer, market maker, underwriter, distributor, swap counterparty and calculation agent) simultaneously with respect to a financial instrument, giving rise to potential conflicts of interest which may impact the performance of a financial instrument. The Westpac Group may at any time transact or hold a position (including hedging and trading positions) for its own account or the account of a client in any financial instrument which may impact the performance of that financial instrument.

Author(s) disclaimer and declaration: The author(s) confirms that (a) no part of his/her compensation was, is, or will be, directly or indirectly, related to any views or (if applicable) recommendations expressed in this material; (b) this material accurately reflects his/her personal views about the financial products, companies or issuers (if applicable) and is based on sources reasonably believed to be reliable and accurate; (c) to the best of the author's knowledge, they are not in receipt of inside information and this material does not contain inside information; and (d) no other part of the Westpac Group has made any attempt to influence this material.

Further important information regarding sustainability related content: This material may contain statements relating to environmental, social and governance (ESG) topics. These are subject to known and unknown risks, and there are significant uncertainties, limitations, risks and assumptions in the metrics, modelling, data, scenarios, reporting and analysis on which the statements rely. In particular, these areas are rapidly evolving and maturing, and there are variations in approaches and common standards and practice, as well as uncertainty around future related policy and legislation. Some material may include information derived from publicly available sources that have not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information. There is a risk that the analysis, estimates, judgements, assumptions, views, models, scenarios or projections used may turn out to be incorrect. These risks may cause actual outcomes to differ materially from those expressed or implied. The ESG-related statements in this material do not constitute advice, nor are they guarantees or predictions of future performance, and Westpac gives no representation, warranty or assurance (including as to the quality, accuracy or completeness of the statements). You should seek your own independent advice.

Additional country disclosures:

Australia: Westpac holds an Australian Financial Services Licence (No. 233714). You can access Westpac's Financial Services Guide here or request a copy from your Westpac point of contact. To the extent that this information contains any general advice, it has been prepared without taking into account your objectives, financial situation or needs and before acting on it you should consider the appropriateness of the advice.

New Zealand: In New Zealand, Westpac Institutional Bank refers to the brand under which products and services are provided by either Westpac (NZ division) or Westpac New Zealand Limited (company number 1763882), the New Zealand incorporated subsidiary of Westpac ("WNZL"). Any product or service made available by WNZL does not represent an offer from Westpac or any of its subsidiaries (other than WNZL). Neither Westpac nor its other subsidiaries guarantee or otherwise support the performance of WNZL in respect of any such product. WNZL is not an authorised deposit-taking institution for the purposes of Australian prudential standards. The current disclosure statements for the New Zealand branch of Westpac and WNZL can be obtained at www.westpac.co.nz.

Singapore: This material has been prepared and issued for distribution in Singapore to institutional investors, accredited investors and expert investors (as defined in the applicable Singapore laws and regulations) only. Recipients of this material in Singapore should contact Westpac Singapore Branch in respect of any matters arising from, or in connection with, this material. Westpac Singapore Branch holds a wholesale banking licence and is subject to supervision by the Monetary Authority of Singapore.

Disclaimer continues overleaf ▶

Fiji: Unless otherwise specified, the products and services for Westpac Fiji are available from www.westpac.com.fj © Westpac Banking Corporation ABN 33 007 457 141. This information does not take your personal circumstances into account and before acting on it you should consider the appropriateness of the information for your financial situation. Westpac Banking Corporation ABN 33 007 457 141 is incorporated in NSW Australia and registered as a branch in Fiji. The liability of its members is limited.

Papua New Guinea: Unless otherwise specified, the products and services for Westpac PNG are available from www.westpac.com.pg © Westpac Banking Corporation ABN 33 007 457 141. This information does not take your personal circumstances into account and before acting on it you should consider the appropriateness of the information for your financial situation. Westpac Banking Corporation ABN 33 007 457 141 is incorporated in NSW Australia. Westpac is represented in Papua New Guinea by Westpac Bank - PNG - Limited. The liability of its members is limited.

U.S: Westpac operates in the United States of America as a federally licensed branch, regulated by the Office of the Comptroller of the Currency. Westpac is also registered with the US Commodity Futures Trading Commission ("CFTC") as a Swap Dealer, but is neither registered as, or affiliated with, a Futures Commission Merchant registered with the US CFTC. The services and products referenced above are not insured by the Federal Deposit Insurance Corporation ("FDIC"). Westpac Capital Markets, LLC ('WCM'), a wholly-owned subsidiary of Westpac, is a broker-dealer registered under the U.S. Securities Exchange Act of 1934 ('the Exchange Act') and member of the Financial Industry Regulatory Authority ('FINRA'). In accordance with APRA's Prudential Standard 222 'Association with Related Entities', Westpac does not stand behind WCM other than as provided for in certain legal agreements between Westpac and WCM and obligations of WCM do not represent liabilities of Westpac.

This communication is provided for distribution to U.S. institutional investors in reliance on the exemption from registration provided by Rule 15a-6 under the Exchange Act and is not subject to all of the independence and disclosure standards applicable to debt research reports prepared for retail investors in the United States. WCM is the U.S. distributor of this communication and accepts responsibility for the contents of this communication. Transactions by U.S. customers of any securities referenced herein should be effected through WCM. All disclaimers set out with respect to Westpac apply equally to WCM. If you would like to speak to someone regarding any security mentioned herein, please contact WCM on +1 212 389 1269. Investing in any non-U.S. securities or related financial instruments mentioned in this communication may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the SEC in the United States. Information on such non-U.S. securities or related financial instruments may be limited. Non-U.S. companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in effect in the United States. The value of any investment or income from any securities or related derivative instruments denominated in a currency other than U.S. dollars is subject to exchange rate fluctuations that may have a positive or adverse effect on the value of or income from such securities or related derivative instruments.

The author of this communication is employed by Westpac and is not registered or qualified as a research analyst, representative, or associated person of WCM or any other U.S. broker-dealer under the rules of FINRA, any other U.S. self-regulatory organisation, or the laws, rules or regulations of any State. Unless otherwise specifically stated, the views expressed herein are solely those of the author and may differ from the information, views or analysis expressed by Westpac and/or its affiliates.

UK: The London branch of Westpac is authorised in the United Kingdom by the Prudential Regulation Authority (PRA) and is subject to regulation by the Financial Conduct Authority (FCA) and limited regulation by the PRA (Financial Services Register number: 124586). The London branch of Westpac is registered at Companies House as a branch established in the United Kingdom (Branch No. BR000106). Details about the extent of the regulation of Westpac's London branch by the PRA are available from us on request.

This communication is not being made to or distributed to, and must not be passed on to, the general public in the United Kingdom. Rather, this communication is being made only to and is directed at (a) those persons falling within the definition of Investment Professionals (set out in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order")); (b) those persons falling within the definition of high net worth companies, unincorporated associations etc. (set out in Article 49(2)of the Order; (c) other persons to whom it may lawfully be communicated in accordance with the Order or (d) any persons to whom it may otherwise lawfully be made (all such persons together being referred to as "relevant persons"). Any person who is not a relevant person should not act or rely on this communication or any of its contents. In the same way, the information contained in this communication is intended for "eligible counterparties" and "professional clients" as defined by the rules of the Financial Conduct Authority and is not intended for "retail clients". Westpac expressly prohibits you from passing on the information in this communication to any third party.

European Economic Area ("EEA"): This material may be distributed to you by either: (i) Westpac directly, or (ii) Westpac Europe GmbH ("WEG") under a sub-licensing arrangement. WEG has not edited or otherwise modified the content of this material. WEG is authorised in Germany by the Federal Financial Supervision Authority ('BaFin') and subject to its regulation. WEG's supervisory authorities are BaFin and the German Federal Bank ('Deutsche Bundesbank'). WEG is registered with the commercial register ('Handelsregister') of the local court of Frankfurt am Main under registration number HRB 118483. In accordance with APRA's Prudential Standard 222 'Association with Related Entities', Westpac does not stand behind WEG other than as provided for in certain legal agreements (a risk transfer, sub-participation and collateral agreement) between Westpac and WEG and obligations of WEG do not represent liabilities of Westpac. Any product or service made available by WEG does not represent an offer from Westpac or any of its subsidiaries (other than WEG). All disclaimers set out with respect to Westpac apply equally to WEG.

This communication is not intended for distribution to, or use by any person or entity in any jurisdiction or country where such distribution or use would be contrary to local law or regulation.

This communication contains general commentary, research, and market colour. The communication does not constitute investment advice. The material may contain an 'investment recommendation' and/or 'information recommending or suggesting an investment', both as defined in Regulation (EU) No 596/2014 (including as applicable in the United Kingdom) ("MAR"). In accordance with the relevant provisions of MAR, reasonable care has been taken to ensure that the material has been objectively presented and that interests or conflicts of interest of the sender concerning the financial instruments to which that information relates have been disclosed.

Investment recommendations must be read alongside the specific disclosure which accompanies them and the general disclosure which can be found here. Such disclosure fulfils certain additional information requirements of MAR and associated delegated legislation and by accepting this communication you acknowledge that you are aware of the existence of such additional disclosure and its contents.

To the extent this communication comprises an investment recommendation it is classified as non-independent research. It has not been prepared in accordance with legal requirements designed to promote the independence of investment research and therefore constitutes a marketing communication. Further, this communication is not subject to any prohibition on dealing ahead of the dissemination of investment research.

Past performance is not a reliable indicator of future performance. The forecasts given above are predictive in character. Whilst every effort has been taken to ensure that the assumptions on which the forecasts are based are reasonable, the forecasts may be affected by incorrect assumptions or by known or unknown risks and uncertainties. The results ultimately achieved may differ substantially from these forecasts.