24 August 2026

MORNING REPORT

Today's economic developments and market movements.

Key themes

Markets ended the week on a generally positive note despite higher Treasury yields and continued gains in oil prices. Separately, US-Canada trade talks collapsed over the weekend, prompting the US to impose 50% tariffs on a subset of Canadian imports.

US equities moved higher on Friday despite renewed gains in Treasury yields, while Asian markets were mixed and the ASX 200 recorded a second consecutive weekly decline.

US Treasuries continued to unwind gains following the Treasury's announced bond buybacks, with concerns around the fiscal deficit and strong AI-related investment remaining key drivers.

The USD weakened modestly, with the AUD outperforming.

Oil prices continued to rise, while gold extended its rally with gold ETF inflows recording their strongest day since September 2025.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	65.9	0.3%
AUD/USD	0.7164	0.8%
AUD/JPY	113.89	0.7%
AUD/GBP	0.5255	0.7%
AUD/NZD	1.1990	0.2%
AUD/EUR	0.6135	0.7%
AUD/CNH	4.8142	0.6%
AUD/SGD	0.9092	0.6%
AUD/HKD	5.6171	0.8%
AUD/CAD	0.9887	0.6%
EUR/USD	1.1677	0.0%
USD/JPY	159.01	-0.1%
USD Index	98.80	-0.1%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	4.36	0.00
90 day BBSY	4.54	-0.01
180 day BBSY	4.83	-0.01
1 year swap	4.59	0.00
2 year swap	4.57	0.01
3 year swap	4.56	0.01
4 year swap	4.58	0.01
5 year swap	4.62	0.01
6 year swap	4.67	0.01
7 year swap	4.73	0.00
8 year swap	4.79	0.01
9 year swap	4.84	0.01
10 year swap	4.90	0.01

Equities	Close	Change
S&P/ASX 200	9,059	-0.3%
S&P 500	7,674	0.4%
Japan Nikkei	66,016	-0.3%
Hang Seng	26,009	1.2%
Euro Stoxx 50	6,462	0.6%
UK FTSE100	10,817	0.6%
VIX Index	15.13	-5.5%

Government Bond Yields	Close	Change
Australia		
3 year bond	4.57	0.04
10 year bond	5.06	0.05
United States		
3-month T Bill	3.71	0.00
2 year bond	4.24	0.05
10 year bond	4.73	0.03
Other (10 year yields)		
Germany	3.26	0.00
Japan	2.89	0.03
UK	5.06	-0.01

Commodities	Current	Change
CRB Index	406.24	0.7%
Gold	4603.07	1.9%
Copper	14216	1.3%
Oil (WTI futures)	87.06	0.3%
Coal (coking)	233.00	1.7%
Coal (thermal)	139.75	1.0%
Iron Ore	96.45	0.1%
ACCU	36.13	-4.3%

Sydney Futures Exchange	Current	Change
10 yr bond	5.05	-0.01
3 yr bond	4.56	0.00
3 mth bill rate	4.50	0.01
SPI 200	9,028	0.5%

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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Today's key data and events

Time	Event	Exp	Prev
8:45	NZ Real Retail Sales Q2	0.2%	0.9%
22:30	US Chicago Fed Activity Index Jul	-0pts	-0pts

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

Markets ended the week on a generally positive note despite renewed gains in Treasury yields following the Treasury's announcement that it would at least double long-dated bond buyback operations. Oil prices also finished the week higher, with reports that Saudi Arabia is rerouting cargoes north through the Red Sea, more than doubling voyage times to Asia amid ongoing Houthi threats.

Over the weekend, US-Canada trade talks collapsed after Canada raised concerns over the substance of the proposed agreement. No single product or provision was identified as the primary issue, with broader concerns instead centred on the structure and durability of the deal. The US has subsequently imposed 50% tariffs on a small subset of Canadian imports worth around US$20bn, with Canada responding in kind. This compares with a total bilateral trade relationship worth around US$900bn.

- US equities ended the week on a positive footing despite higher Treasury yields. The S&P 500 gained 0.4%, although it still finished the week lower overall. The Dow Jones rose 1.0%, while the NASDAQ gained 0.4%. In Europe, both the Euro Stoxx 50 and FTSE 100 rose 0.6%.
- Asian markets were mixed. The Hang Seng gained for a fifth consecutive session, rising 1.2%, while the KOSPI added 0.9%. The Nikkei 225 fell 0.3% as scepticism around the effectiveness of US bond buybacks pushed yields higher. Locally, the ASX 200 declined 0.3%, marking a second consecutive weekly decline.
- US Treasuries continued to retrace gains associated with the Treasury Department's announcement that it would at least double bond buybacks across the 10-year to 30-year sector, with concerns around the fiscal deficit and strong AI-related investment remaining key drivers. The 2-year yield rose 5bps, while the 10-year yield gained 3bps. Futures markets are now pricing a Fed hike in December, taking the implied year-end Fed funds rate to 3.89%. Elsewhere, Japanese government bonds followed US yields higher, with the 10-year yield rising 3bps.
- Australian government bond yields reversed Thursday's moves, with the 3-year yield rising 4bps and the 10-year yield up 5bps. Swap markets continue to look through the prospect of an RBA rate hike this year, with the implied year-end terminal cash rate at 4.50%.
- FX markets saw modest USD weakness, with the DXY down 0.1%. The AUD gained 0.8% against the greenback to 0.7164, while sterling and the yen each rose 0.1%. The euro was unchanged against the USD.
- Brent rose 0.7% to US$94.4/bbl, taking its weekly gain to 6.6%, while WTI gained 0.3% to US$87.1/bbl. Gold continued to rally following the Treasury's long-dated bond buyback announcement, rising 1.9% as gold ETF inflows recorded their strongest day since September 2025. Copper and aluminium gained 1.3% and 1.0% respectively, while iron ore rose 0.1%.

International Data

The **US S&P manufacturing PMI** was little changed in August at 53.2, according to the preliminary read. The services PMI meanwhile strengthened to 56.8.

The **Euro Area S&P manufacturing PMI** strengthened to 52.8 in the August preliminary reading while the services measure was unchanged at 51.7.

The **UK S&P manufacturing PMI** was little changed at 51.5 as was the services measure at 52.8, according to the August preliminary report.

UK GfK consumer confidence improved against expectations in August from -17 to -14, a touch below the historic average of -11 back to 1980. Retail sales fell 0.5% as expected in July, but were weaker ex auto fuel, down 0.9%, wiping out June's downwardly revised 0.9% gain.

Local Data

The final estimate of **Westpac-Now** has stabilised, pointing to GDP growth of around 0.2%qtr in Q2 2026 (see here).

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