28 August 2026

MORNING REPORT

Today's economic developments and market movements.

Key themes

The geopolitical backdrop remained unfavourable for financial markets. US-Canada tensions escalated further, with US officials suggesting a ban on some Canadian goods.

Oil prices took a step higher after reports suggested that President Trump had rejected the idea of re-establishing the terms of the memorandum of understanding the US signed with Iran in June.

In equity markets, investors breathed a sigh of relief after Nvidia said it expected revenue to grow by 70% next year, suggesting that AI-related momentum remains firmly on track.

Domestically, following the upside surprise in the Australian CPI release for July earlier this week, investors and analysts continue to assess the implications for future RBA policy decisions, now fully pricing in a rate hike before the end of the year, up from only a 50% chance at the start of this week.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	66.3	0.0%
AUD/USD	0.7195	0.3%
AUD/JPY	114.67	0.4%
AUD/GBP	0.5293	0.4%
AUD/NZD	1.2093	0.3%
AUD/EUR	0.6174	0.3%
AUD/CNH	4.8344	0.3%
AUD/SGD	0.9145	0.3%
AUD/HKD	5.6392	0.3%
AUD/CAD	0.9968	0.2%
EUR/USD	1.1651	0.0%
USD/JPY	159.39	0.1%
USD Index	99.14	0.0%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	4.36	0.00
90 day BBSY	4.59	0.05
180 day BBSY	4.91	0.08
1 year swap	4.71	0.04
2 year swap	4.68	0.04
3 year swap	4.67	0.04
4 year swap	4.68	0.04
5 year swap	4.71	0.03
6 year swap	4.76	0.04
7 year swap	4.81	0.03
8 year swap	4.86	0.04
9 year swap	4.91	0.04
10 year swap	4.96	0.04

Equities	Close	Change
S&P/ASX 200	9,038	-1.0%
S&P 500	7,731	0.7%
Japan Nikkei	66,132	-0.2%
Hang Seng	25,566	-0.3%
Euro Stoxx 50	6,425	-0.7%
UK FTSE100	10,793	-0.8%
VIX Index	14.51	-4.6%

Government Bond Yields	Close	Change
Australia		
3 year bond	4.67	0.07
10 year bond	5.09	0.06
United States		
3-month T Bill	3.68	-0.01
2 year bond	4.23	0.02
10 year bond	4.67	0.03
Other (10 year yields)		
Germany	3.25	0.02
Japan	2.91	0.00
UK	5.03	0.00

Commodities	Current	Change
CRB Index	405.17	0.9%
Gold	4603.14	0.3%
Copper	14282	0.2%
Oil (WTI futures)	83.53	1.6%
Coal (coking)	238.50	0.0%
Coal (thermal)	141.00	1.4%
Iron Ore	98.20	-0.4%
ACCU	36.13	-4.3%

Sydney Futures Exchange	Current	Change
10 yr bond	5.13	0.03
3 yr bond	4.69	0.02
3 mth bill rate	4.60	0.01
SPI 200	8,999	0.1%

Data as at 6:45am 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
8:00	NZ ANZ Consumer Confidence Aug	-	99.3pts
9:30	JP Tokyo Aug	1.9%	2.0%
9:30	JP Job-to-Applicant Jul	120.0%	120.0%
19:00	EZ Economic Confidence Aug	97.5pts	96.9pts
19:00	EZ Consumer Confidence Aug Final	-15.5pts	-15.5pts
23:45	US Chicago PMI Aug	57.9pts	57.6pts
0:00	US Uni. Of Michigan Sentiment Aug Final	51pts	51pts

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

The geopolitical backdrop remained unfavourable for financial markets. US-Canada tensions escalated further, with US officials suggesting a ban on some Canadian goods, while President Trump signed a directive renaming Lake Ontario, on the border with Canada, as Lake America. Meanwhile, oil prices took a step higher after reports suggested that President Trump had rejected the idea of re-establishing the terms of the memorandum of understanding the US signed with Iran in June. The White House confirmed that there are currently no negotiations between the US and Iran.

Domestically, following the upside surprise in the July CPI release earlier this week, investors and analysts continue to assess the implications for future RBA policy decisions. In the meantime, the latest Australian economic data flow confirmed a moderation in data centre investment in Q2 and firm growth in consumer spending at the beginning of Q3.

- In equity markets, investors breathed a sigh of relief after Nvidia said it expected revenue to grow by 70% next year, suggesting that AI-related momentum remains firmly on track. The announcement saw the company's shares jump 8%, while the S&P 500 tech sector more than 3%. Offsetting some of those gains, most value-orientated sectors took a turn for the worse, leaving the S&P 500 up 0.7%.
- Most other major equity markets were in retreat. In Europe, the Euro Stoxx 50 fell 0.7%, dragged lower mainly by French stocks as political instability in France appears to be rising to the fore again ahead of next April's presidential election. Many benchmark indices in Asia also traded in the red, while Australia's ASX 200 closed 1% lower, weighed down by the reported decline in Q2 capex spending.
- In bond markets, higher oil prices and lingering concerns about US debt saw US Treasury yields rise by 2-3bp across the curve. Today investors will be watching Fed Chair Kevin Warsh's speech at Jackson Hole closely for more clarity on his views about the US economy and how he thinks monetary policy should respond. Bunds also sold off by around 2bp, mainly in response to the publication of relatively hawkish minutes from the latest ECB Governing Council meeting in July. UK Gilt and JGB yields were broadly stable.
- Aussie bonds continued to sell off, particularly at the front end of the curve, where yields jumped 7bp. Investors adjusted their expectations for RBA policy, now fully pricing in a rate hike before the end of the year, up from only a 50% chance at the start of this week.
- In FX markets, the DXY held on to the gains from the prior day, remaining unchanged at 99.14. The EUR and GBP were also flat, while the Japanese yen weakened 0.1% to 159.39. The AUD rose 0.3% on expectations that the RBA might tighten monetary policy further.
- In commodity markets, the reduced likelihood of the Strait of Hormuz reopening anytime soon saw October Brent and WTI contracts rise by around 2% to $89.6 and $83.5, respectively. Gold and copper made small gains, while iron ore eased 0.4% as sizeable losses at one of China's major developers highlighted ongoing issues in China's property sector.

International Data

US wholesale inventories jumped 1.3%mth in July, well above expectations for a 0.2% lift. Retail inventories also surprised to the upside, rising 0.7%mth, only partly offset by a 0.2ppt downward revision to June's estimate.

The **US trade deficit** widened from $101bn to $119bn in the advanced estimate for July, against expectations for no change. Imports drove the deterioration, rising 3.7%mth, while exports declined 2.9%mth.

Initial jobless claims edged down from 207k to 203k last week, remaining near the series' historical low.

Local Data

Australia's private capex surprised on the downside, falling 3.6%qtr in the June quarter 2026, although remaining up a solid 10.7%yr. Machinery and equipment led the decline as information media and telecommunications unwound part of last quarter's surge, while buildings and structures provided support (see here).

Household spending rose 1.1%mth in July (June revised to 1.0%mth), lifting annual growth to 7.0%yr. The three-month pace accelerated to 3.3%, the strongest in almost four years (see here).

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