8 September 2026

MORNING REPORT

Today's economic developments and market movements.

Key themes

While US Labor Day made for a somewhat quieter start to the week for trading volumes, the weekend's tit-for-tat strikes between the US and Iran continued to put upward pressure on oil prices, acting as a drag on risk sentiment more broadly.

Stocks were mixed across Europe and futures trading in the US, but a rally in chipmakers aided some Asian share markets. Yields also continued to rise globally, following moves from the US as concerns over inflation and debt levels persist.

The USD weakened as the Yen gained 1.2%, eclipsing the levels reached during previous rounds of intervention to now be at its strongest level since February.

Local markets are awaiting a fireside chat with the RBA's Chief Economist and an interview with RBA's Deputy Governor today, which could provide a steer on where the RBA sees the balance of risks leading up to the September policy decision.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	66.3	-0.2%
AUD/USD	0.7217	0.2%
AUD/JPY	111.39	-1.0%
AUD/GBP	0.5329	0.1%
AUD/NZD	1.2285	0.3%
AUD/EUR	0.6208	0.1%
AUD/CNH	4.8419	0.2%
AUD/SGD	0.9137	0.2%
AUD/HKD	5.6579	0.2%
AUD/CAD	0.9966	0.0%
EUR/USD	1.1623	0.1%
USD/JPY	154.37	-1.2%
USD Index	98.93	-0.3%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	4.40	0.01
90 day BBSY	4.66	0.02
180 day BBSY	4.99	0.02
1 year swap	4.80	0.03
2 year swap	4.79	0.02
3 year swap	4.78	0.03
4 year swap	4.79	0.04
5 year swap	4.82	0.04
6 year swap	4.86	0.04
7 year swap	4.91	0.04
8 year swap	4.96	0.04
9 year swap	5.01	0.04
10 year swap	5.05	0.03

Equities	Close	Change
S&P/ASX 200	9,011	0.1%
S&P 500	7,719	-0.4%
Japan Nikkei	66,400	2.1%
Hang Seng	25,413	-0.9%
Euro Stoxx 50	6,404	0.2%
UK FTSE100	10,822	-0.1%
VIX Index	15.3	5.3%

Government Bond Yields	Close	Change
Australia		
3 year bond	4.78	0.04
10 year bond	5.20	0.02
United States		
3-month T Bill	3.76	-0.01
2 year bond	4.37	0.00
10 year bond	4.78	0.00
Other (10 year yields)		
Germany	3.39	0.05
Japan	2.93	0.01
UK	5.18	0.04

Commodities	Current	Change
CRB Index	416.41	-0.1%
Gold	4404.30	-0.6%
Copper	14510	0.7%
Oil (WTI futures)	92.70	1.3%
Coal (coking)	273.00	-0.7%
Coal (thermal)	147.75	-0.6%
Iron Ore	101.00	0.8%
ACCU	36.13	-4.3%

Sydney Futures Exchange	Current	Change
10 yr bond	5.22	0.02
3 yr bond	4.80	0.02
3 mth bill rate	4.63	0.01
SPI 200	8,992	-0.1%

Data as at 7:20am 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

Labor Day in the US made for a somewhat quieter start to the week, with trading volumes thin and the economic calendar sparse on Monday. The focus remained squarely on the US and Iran continuing its tit-for-tat strikes on tankers over the weekend weighed on risk sentiment at the start of the week, resulting in another session of higher crude prices, rising yields and mixed stock performances. Iran has claimed that negotiations with Oman to manage traffic in the Strait of Hormuz is in its final stages, with a deal potentially ready to be announced over the coming days. This helped temper the rise in crude prices on Monday, but there remains uncertainties on what impact this agreement could have on shipping traffic and how the US would respond.

- Share markets were mixed across the US and Europe against the uncertain geopolitical backdrop and higher crude oil prices. US stock futures fell, the Euro Stoxx 50 edged just 0.2% higher, while London's FTSE 100 slipped –0.1%. Stocks bounced materially higher in Tokyo (+2.1%) and Seoul (+4.6%), benefitting from a rally in semiconductors. Shanghai posted a solid gain (+0.6%) but Hong Kong bucked the wider trend with a decline (–0.9%). The ASX 200 managed to eke out a 0.1% gain, with miners and energy offsetting declines across most other sectors.
- ACGBs followed the move in US Treasuries late last week with yields tracking higher across the board, the 3Y and 10Y up 4bps and 2bps to 4.78% and 5.20% respectively, the latter only slightly below last week's fresh high of 5.23%.
- Local markets will be keenly awaiting the fireside chat from the RBA's Chief Economist this afternoon and an interview with RBA's Deputy Governor later this evening, communications which could provide a clearer steer on the RBA's reaction to last week's Q2 GDP data and its implications for policy near-term. As of this morning, swaps markets have a September RBA rate hike at around a 60% chance, with November fully priced in.
- Yields rose elsewhere across the globe, heading toward recent cycle highs. The 10Y Bund rose 5bps to 3.39%, the 10Y Gilt was up 4bps to 5.17%, and 10Y JGBs were … Thinner trading in Treasury futures during the US holiday was also consistent with higher yields.
- The USD weakened at the start of the week, the DXY down –0.3%. The main driver and most eye-catching move was in the Yen, which suddenly appreciated 1.2% and broke below the JPY155 barrier, eclipsing the levels reached during previous rounds of intervention to now be at its strongest level since February. Moves across other currencies were more tepid: the Euro up 0.1%, while the Sterling and Loonie rose 0.2%. The Aussie dollar also managed to rise 0.2%, establishing a foothold above USD0.72, while the Kiwi dollar edged lower.
- Crude oil prices continued lift as markets were unnerved by tit-for-tat strikes between the US and Iran on tankers over the weekend, seeing Brent and WTI rise 0.7% and 1.3% to US$97.0/bbl and US$92.7/bbl respectively, though prices did pare back a touch on the news that an Iran-Oman deal on managing the Strait of Hormuz could be around the corner.
- Copper prices surged to a record high overnight, prices on the LME up 0.7% to US$14,510/mt amid speculation that the US will broaden its tariff regime to copper imports. Gold prices meanwhile fell 0.6% to just above US$4,400/oz, feeding off the backdrop of inflation concerns and higher yields amid ongoing turmoil in the US-Iran war.

Today's key data and events

Time	Event	Exp	Prev
9:50	JP GDP Q2 Final	0.4%	0.3%
9:50	JP Current Account Balance Jul	¥2841.5b	-¥92.3b
10:30	AU WBC-MI Consumer Sentiment Sep	-	88.9pts
11:30	AU NAB Business Conditions Aug	-	4pts
20:00	US NFIB Small Business Optimism Aug	99.2pts	99.8pts
-	CN Trade Balance Aug	US$120b	US$112.5b

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

In the Eurozone, **Q2 GDP** was revised up slightly in its final estimate, from 0.4% (1.0%yr) to 0.6% (1.2%yr), owing to growth in household consumption, with government spending a touch slower and investment acting as a drag. Meanwhile, **Sentix investor confidence** surprised to the upside, lifting from 0.9 to 5.1 in September, a level that is now above the long-run average and consistent with growing optimism on Europe's growth outlook among investors.

Local Data

In Australia, the **Q2 Labour Account** continued to point to a solid pace of jobs growth, above that of monthly employment growth. The difference stems from growth in secondary jobs, which resulted in a fresh record high in the multiple job holder rate, consistent with our earlier observations of cost-of-living pressures driving more individuals to seek an additional job or more hours of work (see here).

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