Weekly economic report

20 July 2026

The week that was

- Escalating tensions in the Middle East saw oil prices rise 16%, to US$88/bbl. Transport of oil through the Strait of Hormuz remains limited, which creates risks of oil shortages as countries continue to run down their inventories of oil and related products. While oil prices are well below the peaks reached a few months ago, prices of refined oil products (e.g. diesel, jet fuel) are more elevated.
- Global bond yields in most economies rose further last week in response to higher oil prices and resulting inflationary concerns. Australian 10-year bond yields ended the week 6bps higher. The exception was the US, where bond yields fell slightly in response to weaker-than-expected inflation data.
- While the weaker inflation data partially alleviated investors' concerns about an imminent rate hike by the US Federal Reserve (Fed), Fed officials remain concerned that inflation is too high, particularly as the US economy and labour market remain resilient. Markets are expecting the first rate hike in late 2026.
- Equity markets were weighed down by falls in AI-related stocks, particularly chipmakers, with the US S&P500 ending the week 1.6% lower. The release of a new Chinese AI model intensified investor concerns about valuations in the AI sector. The ASX200 was little changed last week.
- Domestic demand in China's economy remains weak, with sluggish consumer spending, softer investment and a severe property market downturn. China's economy is being supported by strong growth in exports linked to the AI investment boom, as well as green energy exports.

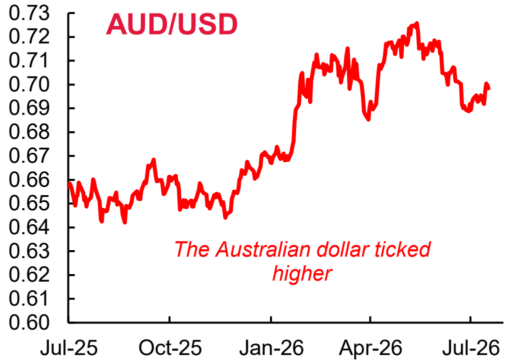
Economic calendar

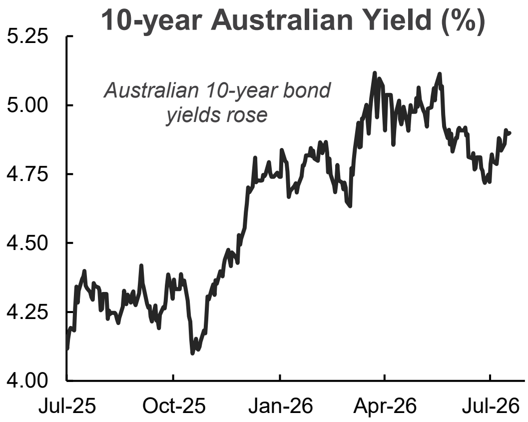
Monday 20/07	CA: CPI, Jun
Tuesday 21/07	NZ: CPI, Q2
Wednesday 22/07	UK: CPI, Jun
Thursday 23/07	AU: Labour force (Jun) EC: ECB policy decision
Friday 24/07	Global: PMIs (Jul, preliminary) JP: CPI, Jun

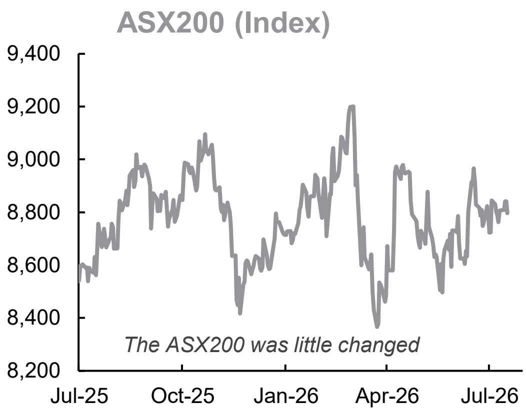
The week ahead

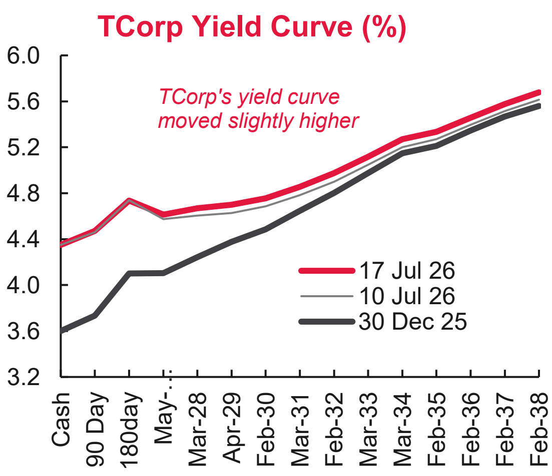
- Australian labour market data will be the focus locally, with expectations for the unemployment rate to remain unchanged.
- The European Central Bank is expected to keep rates on hold and inflation data in several economies will be released.

Financial markets charts









Financial markets data: Week ending 17 July 2026

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	4.35	0	–	75	▲
90-day BBSW	4.47	1	▲	73	▲
3-year Australian Bond Yield	4.49	7	▲	35	▲
10-year Australian Bond Yield	4.90	6	▲	16	▲
20-year Australian Bond Yield	5.35	6	▲	17	▲
10-year Australian Break-Even Inflation	2.34	0	–	3	▲
10-year Australian Real Yield	2.56	6	▲	13	▲
Fed Funds Rate (lower bound)	3.50	0	–	0	–
2-year US Treasury Yield	4.18	-3	▼	70	▲
10-year US Treasury Yield	4.55	-1	▼	38	▲
30-year US Treasury Yield	5.07	1	▲	23	▲
10-year German Bund Yield	3.13	6	▲	27	▲
NSW TCorp Bonds					
3.00% 20 May 2027	4.61	4	▲	51	▲
3.00% 20 March 2028	4.67	6	▲	42	▲
3.00% 20 April 2029	4.70	7	▲	32	▲
3.00% 20 February 2030	4.76	7	▲	27	▲
2.00% 20 March 2031	4.86	7	▲	21	▲
1.50% 20 February 2032	4.98	8	▲	18	▲
2.5% 22 November 2032	5.08	8	▲	17	▲
2.00% 8 March 2033	5.12	7	▲	15	▲
1.75% 20 March 2034	5.27	7	▲	13	▲
5.25% 17 October 2034	5.30	7	▲	--	--
4.75% 20 February 2035	5.33	6	▲	13	▲
4.75% 20 September 2035	5.42	6	▲	15	▲
4.25% 20 February 2036	5.46	6	▲	12	▲
4.75% 20 February 2037	5.58	6	▲	11	▲
3.50% 20 November 2037	5.67	6	▲	13	▲
5.25% 24 February 2038	5.68	6	▲	12	▲
5.25% 22 February 2039	5.76	6	▲	11	▲
2.50% 20 November 2035 CIB	2.99	10	▲	-12	▼
10-year NSW TCorp Bond Yield	5.48	6	▲	18	▲
10-year TCV (Victoria) Spread	0.04	0	▲	-2	▼
10-year QTC (Queensland) Spread	0.02	1	▲	-4	▼

Equities	Close	1 Week		YTD	
S&P/ASX200 (Australia)	8,797	-0.1%	▼	0.9%	▲
S&P500 (US)	7,458	-1.6%	▼	8.9%	▲
FTSE 100 (UK)	10,600	1.0%	▲	6.7%	▲
DJ Stoxx600 (Europe)	642	0.1%	▲	8.3%	▲
Nikkei 225 (Japan)	64,141	-6.4%	▼	27.4%	▲
Shanghai Composite (China)	3,764	-5.8%	▼	-5.2%	▼

Currencies	Close	1 Week		YTD	
AUD/USD	0.698	0.4%	▲	4.7%	▲
EUR/USD	1.144	0.2%	▲	-2.6%	▼
USD/JPY	162.40	0.4%	▲	3.6%	▲
GBP/USD	1.35	0.4%	▲	-0.2%	▼
US$ Index	100.77	-0.2%	▼	2.5%	▲

Commodities	Close	1 Week		YTD	
Brent Oil (US$/bbl)	88.10	15.9%	▲	44.8%	▲
Iron Ore (US$/t)	99.38	0.6%	▲	-7.3%	▼
Coking Coal (US$/t)	185.15	5.4%	▲	23.7%	▲
Gold (US$/oz)	4,017.39	-2.5%	▼	-7.0%	▼

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