Brent Crude w/w	Gold (US$/oz) w/w	ASX 200 w/w	MSCI World w/w	AUD/USD
+6.9%	−0.2%	−0.2%	−0.1%	72.08 +0.6%

Piers Bolger
Chief Investment Officer, Infinity

Global markets

Financial markets were weaker over the week, with rising bond yields, expectations of higher cash rates and renewed hostilities in the Middle East contributing to a broad sell-off across both risk and defensive assets.

US economy and interest rates

The week ended with a stronger-than-expected US jobs report, with 162,000 jobs added compared with market expectations of 55,000. The previous month's figure was also revised higher. While the unemployment rate remained steady at 4.1%, the result highlights the continued strength of the US economy.

The strength of the jobs data pushed bond yields higher, increasing pressure on the US Federal Reserve (Fed) as it considers the future direction of interest rates. Key inflation data will be released this week, with markets forecasting core CPI to remain at 2.4% year-on-year and headline CPI at 3.5%. PPI is forecast at 4.6% year-on-year excluding food and energy, with headline PPI expected at 5.2%.

While these figures remain above the Fed's preferred target, we expect the Fed to hold rates steady in the near term. However, we anticipate at least one rate hike during the second half of 2026, taking the terminal rate to 4.25–4.50%. This is likely to continue placing pressure on bond markets and other interest-rate-sensitive sectors in the near term.

Global central banks and geopolitical risks

The US Fed is not the only central bank in focus this month, with several major central banks across the Asia-Pacific region and Europe also scheduled to meet in September. Ongoing tensions in the Middle East are likely to add to market uncertainty and investor nervousness.

Australian economy and interest rates

Domestically, Q2 2026 GDP growth came in at 2.1%, above market expectations, but below the previous corresponding period's 2.5%. The result points to a continued moderation in the Australian growth outlook.

With residential property prices expected to decline by around 15% from peak to trough, while inflation remains above the RBA's target range, we believe both the September and November RBA meetings remain live. However, given the RBA has already increased rates three times in 2026, we expect the next rate hike to come in November, with a 0.25% increase.

This week, markets will also focus on September consumer and business confidence data. Following weaker-than-expected August results, we expect this softer trend to continue, pointing to further challenges for the domestic economy.

Asset class returns

	1 wk	1 mth	3 mths	6 mths	1 yr p.a.
Aust Eq (lge) S&P/ASX 200 (Accum)	−0.2%	−1.8%	+5.6%	+3.5%	+4.9%
Aust Eq (sml) S&P/ASX Sml Ords (Accum)	+0.1%	−1.1%	+1.5%	−2.0%	−1.9%
Aust Industrials S&P/ASX 200 Industrials (Accum)	+0.3%	−4.0%	+6.1%	+0.8%	−5.9%
Aust Resources S&P/ASX 200 Resources (Accum)	−1.4%	+3.5%	+4.2%	+10.1%	+43.8%
Global Eq (unh) MSCI AC World (unh) Accum	−0.1%	−1.9%	+2.6%	+10.3%	+9.9%
Global Eq (hdg) MSCI AC World (hdg) Accum	+0.3%	−0.1%	+4.3%	+14.0%	+22.6%
Global Eq (sml unh) MSCI World SMID Cap Index	+0.1%	−0.3%	+3.9%	+10.4%	+17.3%
Global Eq (EM unh) MSCI Emerging Markets (unh) Accum	−0.1%	+2.2%	−0.6%	+13.3%	+25.5%
AREITs S&P/ASX 200 AREIT (Accum)	−0.2%	−8.0%	−3.0%	−1.5%	−14.4%
GREITs EPRA NAREIT (ex-Aust) hdg (Accum)	−0.4%	−2.6%	+1.3%	+1.8%	+10.9%
Global Infra (A$ hdg) S&P Gbl Infrastructure A$ (Hdg) TR	−0.3%	−1.7%	−0.9%	−1.4%	+11.6%
Global Infra (A$ unhdg) S&P Gbl Infrastructure A$ TR	−0.7%	−3.4%	−2.6%	−4.7%	+1.4%
Aust Fixed Income BBerg AusBond Composite (0+yrs)	−0.3%	−0.4%	+0.2%	+1.1%	+0.5%
Global Fixed Income Bar Cap Global Agg Index (AUD hdg)	0.0%	−0.3%	+0.1%	−0.2%	+1.2%
Aust Cash BBerg Aust Bond Bank Bill Index	0.0%	+0.3%	+1.1%	+2.1%	+4.0%

Source: Bloomberg, Infinity.

S&P/ASX sectors

	1 wk	1 mth	3 mths	6 mths	1 yr
Energy	−1.3%	+4.2%	+2.8%	+5.6%	+19.0%
Materials	−2.7%	+1.4%	+3.3%	+9.1%	+41.6%
Industrials	−1.6%	−6.0%	−1.6%	−3.6%	−7.0%
Consumer Disc	−1.4%	−11.0%	+3.5%	+3.1%	−19.9%
Consumer Staples	0.0%	−1.0%	+11.5%	+6.4%	+9.7%
Healthcare	+1.0%	+14.2%	+37.6%	+8.2%	−17.9%
Financials	+0.8%	−6.6%	+4.1%	−2.8%	−2.7%
AREITs	−0.2%	−8.4%	−4.5%	−3.2%	−17.2%
IT	−3.9%	−5.8%	−5.3%	−1.7%	−37.2%
Comm Services	0.0%	−4.1%	−1.9%	−8.0%	−15.5%
Utilities	−0.9%	+6.9%	+4.2%	+1.7%	+2.9%
Banks	+1.0%	−7.1%	+3.2%	−9.1%	−3.6%

Currencies

Pair	Rate	1 wk	1 mth	3 mths
AUD/USD	72.08	+0.6%	+2.0%	+2.3%
AUD/GBP	53.32	+0.8%	+1.7%	+0.9%
AUD/EUR	62.05	+0.6%	+1.5%	+1.5%
AUD/JPY	112.5340	−1.7%	+0.9%	−0.4%
GBP/USD	1.3519	−0.2%	+0.2%	+1.3%
EUR/USD	116.15	0.0%	+0.5%	+0.8%
USD/JPY	156.1200	−2.3%	−1.0%	−2.6%
Aust TWI	66.4000	+0.3%	+1.7%	−0.2%

Bond markets — yields & weekly change

	2yr %	3yr %	5yr %	10yr %
Australia	4.80 +12bp	4.78 +12bp	4.82 +12bp	5.20 +11bp
United States	4.37 +2bp	4.44 +4bp	4.54 +4bp	4.78 +3bp
United Kingdom	4.53 +13bp	4.58 +6bp	4.63 +1bp	5.13 +7bp
Japan	1.84 +12bp	2.02 +9bp	2.24 +3bp	2.92 −4bp
Europe	2.95 +1bp	2.98 +2bp	3.08 +2bp	3.34 +2bp

Commodities

	1 wk	1 mth	3 mths
Barclays Cmdty (TR US$)	+1.1%	+8.8%	+8.7%
Gold (US$/oz)	−0.2%	+2.0%	+2.3%
Crude Oil (Brent)	+6.9%	+18.4%	+11.4%
Copper	+0.3%	+2.1%	+7.4%
Iron Ore (Qingdao 62%)	+1.1%	+5.6%	−0.9%