

1. Weekly Market Performance

The ASX ended the week lower, with the **ASX 200 down to 8,741.20** and the **All Ordinaries at 8,920.20**, pressured by rising long-duration yields and persistent domestic inflation expectations at **4.9%**, which reinforced concerns about further RBA tightening.

2. Technical Structure & Market Leadership

Technical structure showed **mixed breadth**, with energy and resources providing support while financials and long-duration exposures lagged. Leadership remained **narrow**, concentrated in commodity-linked names benefiting from elevated Brent crude. The near-term technical catalyst is the **September RBA meeting**, with markets watching whether yields continue to pressure defensives and rate-sensitive sectors.

3. Macro & Monetary Policy Context

Australian consumer inflation expectations held at **4.9%** in September, consistent with July's trimmed mean CPI at **3.6% YoY**, well above the RBA's 2–3% target. RBA officials struck a hawkish tone, signaling limited tolerance for renewed inflation momentum. All major banks expect at least **one more rate hike** before year-end. Key catalysts next week include updated labour market data, retail sales, and RBA communications.

4. Fiscal or Domestic Economic Factors

No major fiscal announcements shifted sentiment, but elevated inflation expectations and rising long-duration yields continue to tighten financial conditions. The long-duration Commonwealth 2054 bond fell to **\$87.58**, a fresh 52-week low, reflecting persistent expectations for elevated long-term inflation and cash rate settings.

5. Notable Stock Specific Movements

- **CBA** near **\$153.20** slipped **1.32%**, reflecting a **cyclical** post-earnings softening as management dialed back FY27 mortgage growth expectations amid cooling borrower demand.
- **Woodside (WDS)** around **\$32.84** remains decisively positive, up ~40% YTD, driven by **structural** geopolitical support from elevated Brent crude and strong production metrics.
- **BHP** near **\$60.50** fell **4.64%** on profit-taking post-dividend; the dip is **cyclical**, but FY26 marked a **structural** shift with copper now 54% of EBITDA, reinforcing long-term valuation strength.
- **Commonwealth 2054 bond** at **\$87.58** hit a fresh 52-week low, reflecting **structural** pressure from long-term inflation expectations.

6. Structural vs Cyclical Drivers of Market Performance

Structural drivers included persistent inflation expectations, hawkish RBA commentary, and strong commodity fundamentals. Cyclical drivers included post-dividend adjustments (BHP), short-term financial sector softness (CBA), and bond-market repricing. Elevated Brent crude provided structural support to energy names, while rate-sensitive sectors faced cyclical headwinds.

7. Geopolitical Risk Assessment

Structural risk stems from escalating US–Iran conflict, with Brent crude surging above **\$108/bbl**, raising concerns about prolonged supply disruption. Cyclical risk includes short-term inflation passthrough into Australian fuel prices and volatility in energy-linked equities. The key catalyst is **duration of supply disruption**.

Specific geopolitical event: Intensified strikes between the US and Iran—including tanker attacks and missile launches—have amplified concerns over global energy reliability.

8. Investor Positioning Rationale

Investors rotated toward **energy and resources**, reflecting strong commodity pricing, while reducing exposure to banks and long-duration assets. Cash and short-duration bonds saw inflows as markets priced higher RBA tightening odds. Positioning remains defensive with selective commodity-driven risk-on pockets.

9. Market Outlook for the week starting 14th September 2026

The coming week will be shaped by **RBA policy expectations**, labour data, and oil price dynamics, alongside ongoing geopolitical uncertainty. With inflation expectations elevated and yields rising, the balance of risks leans toward tighter financial conditions and selective sector leadership. **The expected tone for the week ahead is cautious with defensive bias.**