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Weekly Money Market Report
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U.S. Payrolls Break the Hike Case as a Hormuz Breakthrough Sinks Oil

Market Commentary

The two stories that defined this week, geopolitical de-escalation and a softening US labour market. July non-farm payrolls fell 23K against consensus of an 85K gain, the first monthly decline in years, with June revised down sharply to 20K from 57K, and while the unemployment rate slipped to 4.1%, the improvement came from falling participation rather than hiring. The print lands hard on the FOMC's hawkish dissenters, and the signal had been building all week, where JOLTS openings slipped to 7.36M and initial claims held at 199K while continuing claims rose to 1.80M, low firings alongside lengthening unemployment spells, even as ISM manufacturing jumped to a four-year high of 55.6, leaving an economy that is still growing but no longer hiring. The war premium, meanwhile, deflated: a Turkish-mediated framework between Iran and Oman to reopen the Strait of Hormuz, built around a 60-day provisional shipping corridor with agreed coordinates, moved to the verge of announcement, with officials suggesting a deal could be sealed soon. Brent whipsawed on the headlines, sinking back near $80/bbl as the breakthrough firmed. In Europe, the euro was the week's big winner, pushing through 1.1540 toward the 1.1600 resistance on de-escalation and a eurozone manufacturing PMI of 51.9, with factory output the strongest since March 2022. While UK services returned to growth at 52.1 with confidence at a five-month high. In Asia-Pacific, the yen consolidated its intervention-driven gains and pressed toward 157.00 as US yields fell, New Zealand's unemployment jumped to a decade-high 5.6%, fuelling RBNZ rate-cut bets. Canada bucked the softening trend emphatically, adding 75K jobs in July as unemployment fell to a two-year low. Equities set records early in the week, the S&P 500 touched all-time highs near 7,710, with more than four in five companies beating estimates this earnings season, before turning choppy as the payrolls miss cut both ways, softer rate pricing against a growth scare, while gold rose during the week and the DXY closed the week at 99.539.

United States

ISM Manufacturing Jumps to 55.6, a Four-Year High, as the Factory Sector Shrugs Off the Energy Shock

The US factory sector delivered the week's upside surprise, with the ISM manufacturing PMI rising 2.3 points to 55.6 in July, comfortably above the 54.0 consensus, the strongest reading since May 2022 and a seventh consecutive month of expansion as both production and employment accelerated. The strength suggests manufacturing is absorbing conflict-related supply disruption and elevated energy costs better than feared, helped by reshoring-linked investment and defence demand.

JOLTS Openings Slip to 7.36M as Claims Hold at 199K: A Labor Market Cooling at the Hiring End

The week's labor data painted a consistent picture of gradual, orderly cooling. June JOLTS job openings fell to 7.36M from a downwardly revised 7.54M, below the 7.44M consensus, taking the openings rate to 4.4%, although hires rose 96K to 5.35M, layoffs held near historic lows at 1.77M and quits were flat at 3.2M, signaling stable worker confidence. Initial jobless claims came in at 199K against a 205K consensus, with the four-week average at a cycle-low 198.75K, but continuing claims jumped 24K to 1.801M. The data release shows low firings alongside lengthening unemployment spells, the signature of a market where demand is fading at the hiring margin rather than through layoffs.

July NFP Falls 23K, June Revised Down to 20K; Unemployment Dips to 4.1% on Participation

The July employment report delivered the week's defining shock: non-farm payrolls fell 23K against consensus of an 85K gain, the first monthly decline in years, while June was revised sharply lower to 20K from an initially reported 57K, leaving the hiring trend barely positive. The unemployment rate ticked down to 4.1% from 4.2%, due to a fall in participation rates, and losses were led by local government education and retail trade. Coming after JOLTS and claims data pointing the same way, the print flips the burden of proof: a labour market in “slow hire, slow fire” mode is now visibly stalling on the hiring side, and September hike pricing was pared aggressively in the aftermath as front-end yields and the dollar fell. Attention shifts to Wednesday's CPI, where a soft print would all but close the door on the dissenters' case, while an energy-led upside surprise would leave the Committee squeezed between weakening employment and unfinished disinflation.

The Greenback was last seen trading at 99.539

Canada Defies the Trend: 75K Jobs Added in July as Unemployment Falls to a Two-Year Low
Canada's labour market delivered a blowout on the same morning the US disappointed, adding 75.1K jobs in July - five times the 17.8K consensus, with the unemployment rate falling from 6.5% to a 6.4%. The report validates the Bank of Canada's upgraded growth narrative, with Q2 tracking around 2.5% annualized on broadening consumer spending, exports and investment, and further entrenches the on-hold stance at 2.25%, with inflation excluding gasoline near target at 2.2% doing the heavy lifting. The loonie firmed on the twin impulse of domestic strength and broad US dollar weakness, though the Hormuz breakthrough cuts both ways for Canada: softer crude weighs on the terms of trade even as de-escalation supports risk appetite.

The USD/CAD currency pair was last seen trading at 1.3938

United Kingdom

Eurozone Factory Output Hits a Post-2022 High
The euro was the week's principal beneficiary of the Hormuz breakthrough, with the single currency squeezing higher as the energy channel, the eurozone's key vulnerability through this conflict, began to price relief. The dataflow helped: the eurozone manufacturing PMI rose to 51.9 in July, with the output index at 52.9, the strongest since March 2022, even as new orders grew only marginally and export orders declined across France, Spain, Italy and Austria; input-cost inflation eased to a five-month low. On the policy front, several ECB officials have flagged that conflict-driven price pressures could yet require higher rates, with markets pricing roughly 75% chance of a rate hike in the upcoming meeting.

The EUR/USD currency pair last seen trading at 1.1558

UK Services Return to Growth at 52.1 as Business Confidence Hits a Five-Month High
The UK's dominant services sector returned to expansion in July, with the final PMI at 52.1, revised up from the 51.8 flash and a marked improvement on June's 48.8, ending two months of contraction. New orders rose for the first time since February on stronger consumer spending and technology demand, input-cost inflation eased to its lowest since February on reduced fuel and gas costs, and business confidence climbed to a five-month high on hopes of greater global stability; employment fell for a 22nd straight month, but at the slowest pace since October 2025. Coming a week after the MPC's 6-3 hawkish-leaning hold at 3.75%, the data support a soft-landing path in which the BoE can stay patient while the oil-driven inflation impulse fades.

The GBP/USD currency pair last seen trading at 1.3488

Aisa Pacific

Yen Consolidates Intervention Gains Near 157.50 as Tokyo Defends Its Line
The yen spent the week consolidating the gains delivered by late July's suspected MoF intervention, which drove USD/JPY from above 163.00 to 157.80, with the pair settling around 157.50 as two-way risk returned to a market that had traded one-way for months. The BoJ's hawkish hold at 1.00%, warning that underlying inflation is running above the 2% target and upgrading its growth forecast, keeps October normalization expectations alive, while the still-wide policy gap of roughly 260bps versus the Fed means carry demand has not disappeared, but only become more expensive to hold against intervention risk.

The USD/JPY currency pair was last seen trading at 157.78

New Zealand Unemployment Hits a Decade-High 5.6%
New Zealand's labor market delivered the region's downside surprise, with the unemployment rate jumping to 5.6% in Q2, the highest in a decade and above the 5.4% consensus, from 5.3%, even as employment rose a stronger-than-expected 0.5% QoQ, as the participation rate climbed to 70.7% and underutilization surged to 13.8% from 12.9%. With private wage growth of around 2.0% lagging 4.1% CPI inflation, real incomes are compressing and markets moved to build RBNZ rate-cut pricing, sending the kiwi lower across the board on the release.

The NZD/USD currency pair last seen trading at 0.5893

Kuwait

Kuwaiti Dinar
USD/KWD closed last week at 0.30710.

Rates – August 9th, 2026

	Previous Week Levels				This Week's Expected Range		3-Month
Currencies	Open	Low	High	Close	Minimum	Maximum	Forward
EUR	1.1536	1.1499	1.1580	1.1558	1.1500	1.1685	1.1600
GBP	1.3451	1.3431	1.3508	1.3488	1.3400	1.3600	1.3492
JPY	158.41	157.01	158.57	157.78	156.00	158.60	155.50
CHF	0.8123	0.8055	0.8129	0.8077	0.7910	0.8140	0.7916