

The Australian dollar had a mixed time during November, in the lower half of the G10 currency ladder over the month. However, it posted a marginal rise against the US dollar, which was weighed down by increased expectations for Fed rate cuts.

The Aussie dollar received headwinds from weak financial market sentiment early in the month, as the US government shutdown continued. News of an agreement among US lawmakers to reopen the government boosted the mood in markets, driving the AUD higher again.

Sentiment toward the Aussie turned negative again, as risk assets were sold off following the release of the US September employment report, which had been delayed by the government shutdown. The report saw the US unemployment rate rise to 4.4 per cent, its highest level since 2021. The news pushed the AUD/USD exchange rate to a three-month low on 20 November.

Higher-than-expected Aussie inflation and news of a strong rise in Q3 private sector investment sparked a rebound in the AUD late in the month, as traders began to consider that the RBA cash rate cutting cycle may already be over. The late rise saw the AUD/USD close at its November high.

The Australian dollar trade-weighted index – which values the AUD against a basket of currencies based on their share of trade with Australia – closed the month unchanged from where it started.

The exchange rate with the Japanese yen closed November at its highest level since July 2024.

Model Expected Value	Present Rate	Expected Value Band
<b>0.6675</b>	0.6550	0.6800 – 0.6550




The Australian dollar traded between US\$0.6440 and US\$0.6550 on a close-of-day basis in November and averaged US\$0.6504, before closing at its monthly high. The AUD/USD averaged US\$0.6535 over the first five months of 2025-26, after averaging US\$0.6479 in 2024-25.

The spread between the Australian two-year Commonwealth bond yield and its US counterpart began the month at -2 basis points. However, the spread rose into positive territory for the first time in over a year, as rising hopes for US interest rate cuts and disappearing expectations for Australian interest rate cuts pushed the Aussie two-year yield above its US counterpart. The spread rose to its highest level since 2017 to end the month at 32pts.

The RBA Monetary Policy Board kept the cash rate target unchanged at 3.60 per cent at its November meeting. The higher-than-expected Australian Q3 CPI saw the RBA increase its inflation forecasts, with underlying inflation now seen as not falling back toward the middle of the 2-3 per cent target band until mid-2027. The previous forecast in August had underlying inflation in the middle of the target band by the end of this year. The projected peak unemployment rate was pushed up 0.1ppts to 4.4%.

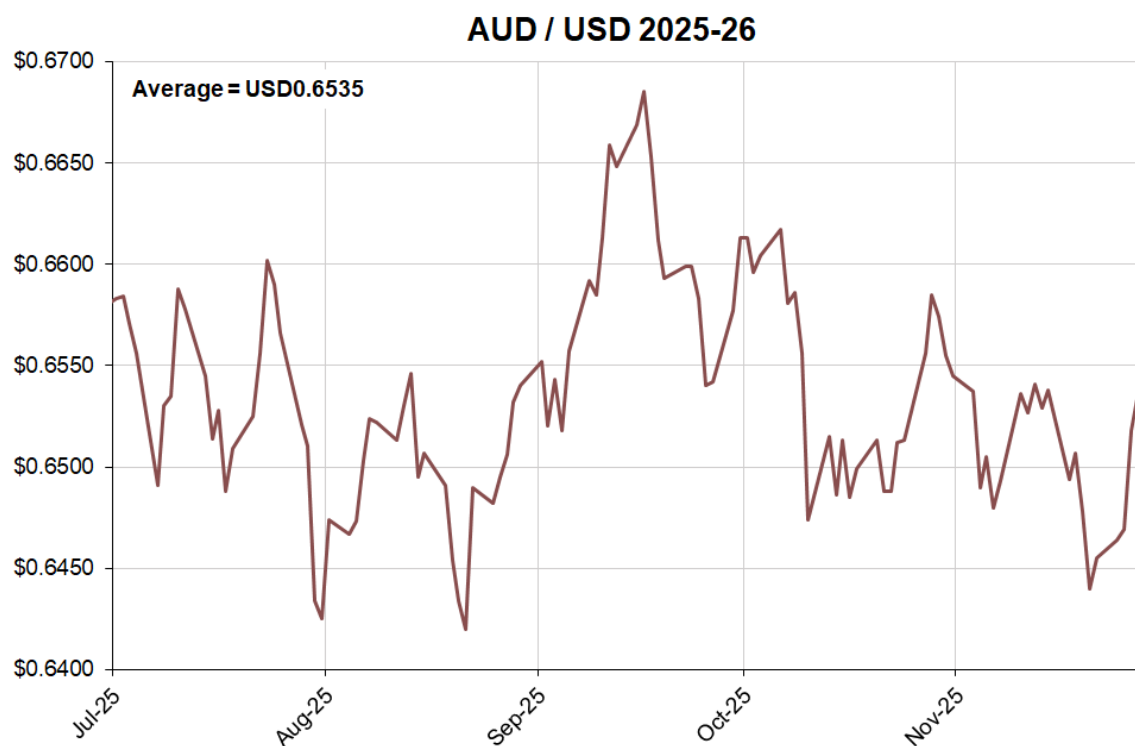
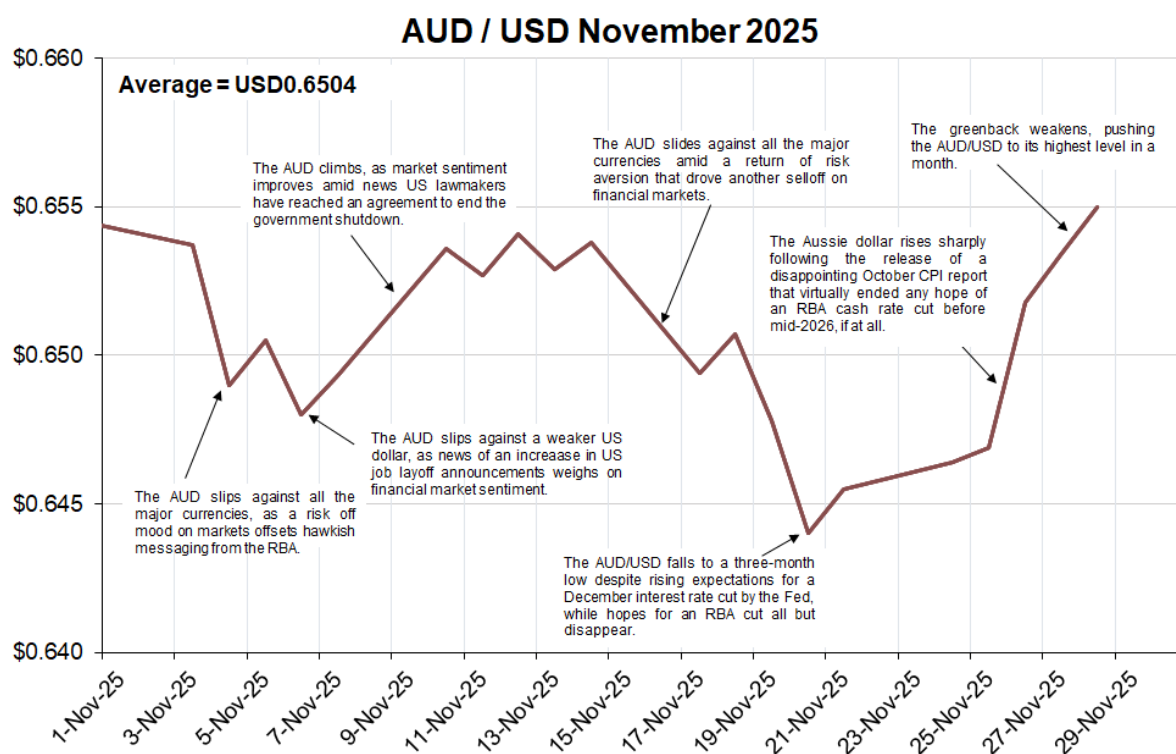
The disappointing October CPI saw the remaining expectations for RBA cash rate cuts all but disappear. The RBA is almost certain to keep the cash rate unchanged at its December meeting. Traders are currently pricing in a steady cash rate through most of 2026, with a 40 per cent chance of an increase sometime towards the end of the year.

In the US, there was no FOMC meeting in November. The market is pricing in an 80 per cent chance of a 25bps fed funds rate cut to 3.50-3.75 per cent in December. Assuming the FOMC do cut rates in December, a further 67bps of cuts are priced in for 2026.

	Current	Monthly High	Monthly Low	Monthly	52wk High	52wk Low
AUD/USD 	0.6550	0.6550	0.6440	0.1%	0.6685	0.5960
AUD/EUR 	0.5647	0.5676	0.5586	-0.5%	0.6171	0.5437
AUD/GBP 	0.4950	0.4986	0.4914	-0.5%	0.5118	0.4667
AUD/JPY 	102.30	102.30	99.18	1.5%	102.30	87.15
AUD/CNY 	4.6335	4.6570	4.5849	-0.5%	4.7549	4.3725

The RBA Index of Commodity Prices – which is an indicator of prices received by Australian exporters – rose for the fourth month in a row in November, with increases across the major Aussie export categories. However, in futures markets, crude oil prices fell, weighed down by reports that a US brokered plan is in the works to end the Russia-Ukraine war and ongoing concerns the market is oversupplied. Iron ore futures prices eased after a strong rise in October and remain solid, despite disappointing Chinese steel production and investment data. Copper closed November at a record high in Aussie dollar terms.

Commodity AUD	28-Nov-25	MoM (%)	YoY (%)
CRB Index	460.2	-0.5%	4.6%
RBA Commodity Price Index	94.7	1.5%	1.7%
Brent Crude	\$96.47	-3.1%	-20.1%
Singapore Gasoil 10 ppm	\$131.77	-6.0%	-2.5%
Gold	\$6,471.43	5.7%	59.7%
Singapore Iron Ore Futures (62% Fe)	\$161.03	-1.4%	0.3%
Nickel	\$22,636.24	-2.8%	-7.2%
Copper	\$17,079.84	2.6%	23.6%
Aluminium	\$4,377.96	-0.8%	10.1%



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