

The Australian dollar rose against most members of the G10 currency basket in October, trailing only the US dollar, Canadian dollar and Swedish krona.

However, the AUD trade weighted index (TWI) – which values the Aussie dollar against a basket of currencies based on their share of trade with Australia – had its first monthly decline in five months. The fall was driven by a decline against the Chinese yuan, which is by far the biggest member of the TWI. However, the yuan – which is not a free-floating currency – is not a member of the G10.

The AUD/USD posted its first decline in three months amid a rise in the greenback that saw the US dollar index close October at its highest level in three months.

The losses came early in the month, as market uncertainty escalated amid the US government shutdown and rising tensions in the US-China trade conflict.

The AUD/USD was remarkably stable through the middle of October, before climbing again over the last week of the month as easing US-China trade tensions generated a revival in risk appetite. The higher-than-expected Aussie CPI, which all but eliminated any hope for an RBA cash rate cut in November, also lifted the AUD late in October. However, this was offset by comments from Fed Chair Jerome Powell playing down the prospects of a fed funds rate cut in December after the FOMC delivered a widely expected October interest rate cut.

Model Expected Value	Present Rate	Expected Value Band
0.6595	0.6545	0.6725 – 0.6465

The Australian dollar traded between US\$0.6474 and US\$0.6617 on a close-of-day basis in October and averaged US\$0.6541, before closing at US\$0.6545. The AUD/USD averaged US\$0.6542 over the first four 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 narrowed to just -2 basis points at the end of October, after starting the month at -12 basis points. The spread averaged -7 basis points over the month. The narrowing reflects the changing outlook for central bank policy rates in Australia and the US. The spread remained negative despite the RBA cash rate now expected to be above the US policy rate on average over the next two years. At the end of October, the swap market was pricing in an average Australian cash rate of 3.48 per cent over the next two years compared with a 3.31 per cent average fed funds rate in the US.

With no RBA Monetary Policy Board meeting in October, the cash rate target was unchanged at 3.60 per cent. The higher-than-expected Australian Q3 CPI dashed hopes for an RBA cash rate cut in November. The futures market is now pricing just a 12 per cent probability of a further RBA 25-basis point cash rate cut this year and just 20 basis points of cuts priced in by the middle of next year. Prior to the CPI, the market was pricing in over a 60 per cent chance of a cash rate cut over the last two months of 2025, with a cut fully priced in for February 2026.

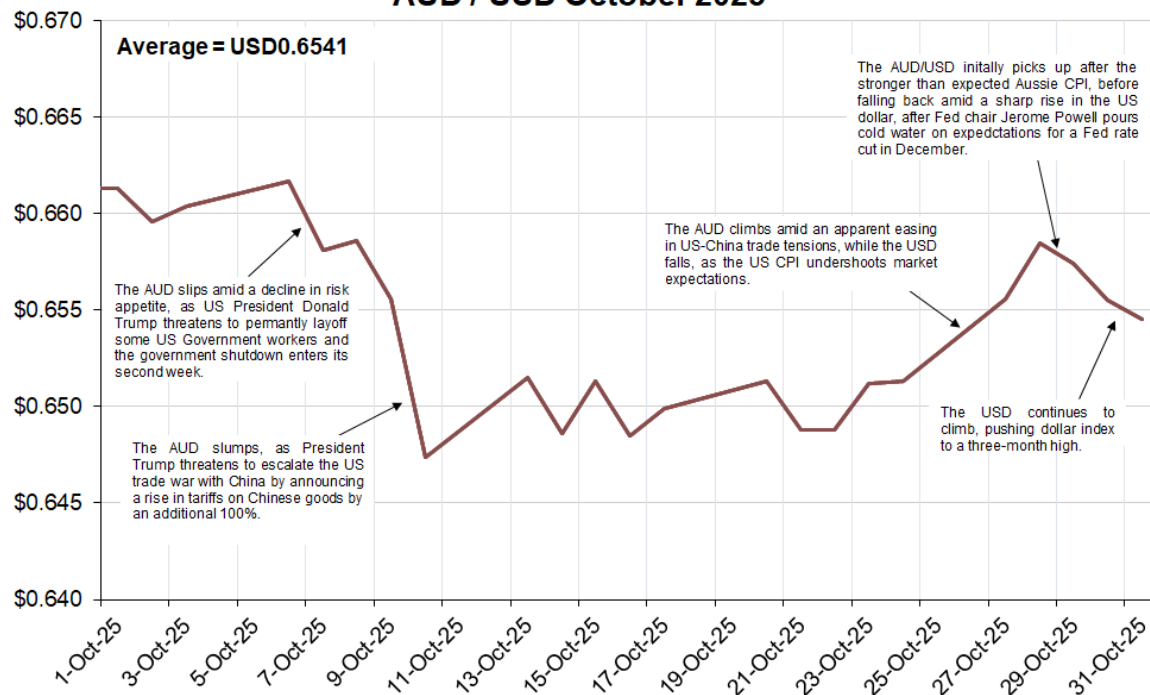
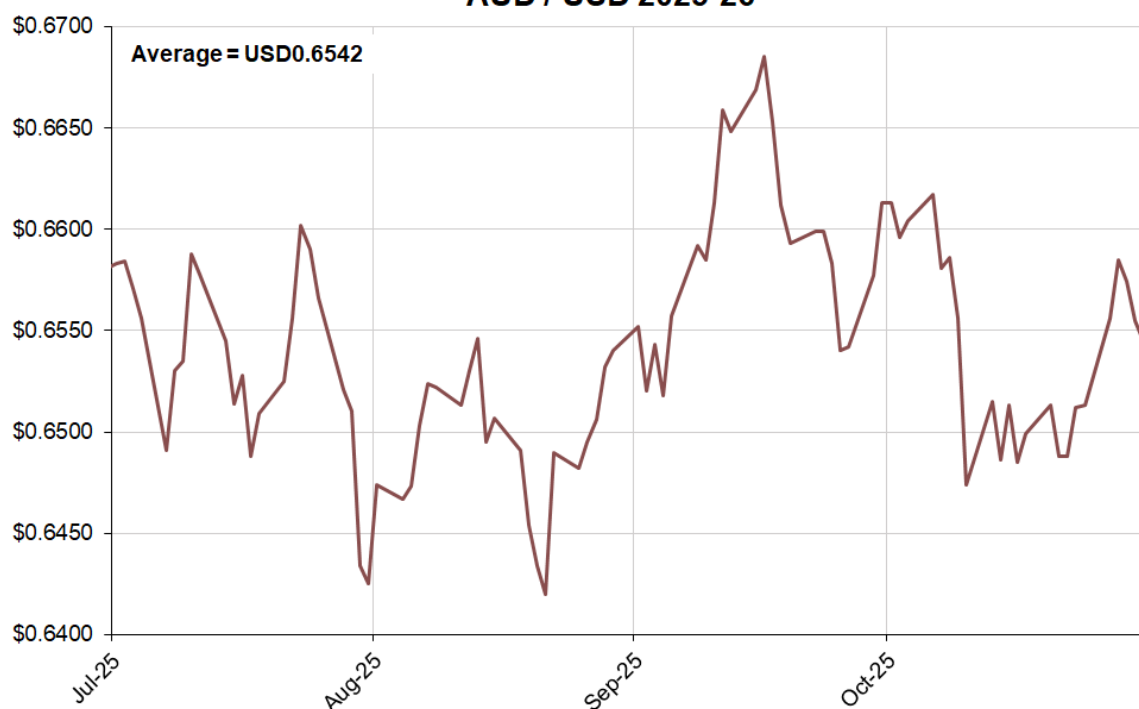
In the US, the FOMC cut the target range for the fed funds rate by 25 basis points to 3.75-4.00 per cent in October, as expected. However, Fed Chair Jerome Powell poured cold water on expectations that a follow up cut in December was a near certainty. The futures market is currently pricing a 68 per cent chance of a cut in December, with a total of 55 basis points priced by mid-2026.

	Current	Monthly High	Monthly Low	Monthly	52wk High	52wk Low
AUD/USD 	0.6545	0.6617	0.6474	-1.0%	0.6685	0.5960
AUD/EUR 	0.5674	0.5674	0.5549	0.7%	0.6240	0.5437
AUD/GBP 	0.4976	0.4985	0.4827	1.1%	0.5188	0.4667
AUD/JPY 	100.80	101.03	97.12	3.0%	102.16	87.15
AUD/CNY 	4.6579	4.7134	4.6200	-1.2%	4.7653	4.3725

The RBA Index of Commodity Prices rose for the third month in a row in October, with increases across the major Aussie export categories. Prices were also higher across the broader commodity universe, with the CRB index rising for the first time in three months in Aussie dollar terms. Brent crude slipped, as fears of an oversupplied market continued to weigh on global oil prices. Refined petroleum products fared better, with Singapore gasoil prices rising to three-month highs. Gold hit fresh record highs, before easing. Iron ore futures remained resilient despite ongoing signs of weakness in Chinese fixed investment and steel production.

Commodity AUD	31-Oct-25	MoM (%)	YoY (%)
CRB Index	462.7	1.9%	8.6%
RBA Commodity Price Index	93.3	2.5%	3.3%
Brent Crude	\$99.53	-1.7%	-11.0%
Singapore Gasoil 10 ppm	\$140.17	5.7%	5.6%
Gold	\$6,122.54	5.0%	46.5%
Singapore Iron Ore Futures (62% Fe)	\$163.34	4.3%	3.5%
Nickel	\$23,288.47	1.2%	-2.7%
Copper	\$16,652.65	7.3%	15.0%
Aluminium	\$4,411.13	8.9%	10.7%

AUD / USD October 2025

**AUD / USD 2025-26**

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