## Highlights this week

- In Australia, the RBA increased the cash rate by 25bps to an 18-year high of 4.85%, but the vote was 6-3 split and Governor Michele Bullock signalled a likely pause in the tightening cycle.
- Data-wise, household spending saw solid gains in Q3 and September. The Melbourne Institute inflation gauge pointed to marginally faster consumer price growth in October. Cotality home prices saw another decline in October, while dwelling approvals rose in September. The goods trade surplus increased in September.
- Abroad, ISM PMIs suggested that the solid expansion in the US continued in October. Chinese PMIs were again mixed, pointing to either contraction or somewhat slower expansion.

## Highlights next week

- The key releases next week will be the NAB business report for October and Westpac consumer confidence for November on Tuesday, followed by Melbourne Institute inflation expectations on Thursday.
- Highlights offshore include US and Chinese inflation data, as well as the Chinese trade report; all of these releases are for October.

| Central Bank Rates (%) | | Weekly Change | Australian Interest Rates (%) | | Weekly Change | Major Overseas Interest Rates (%) | | Weekly Change | Global Equities | | Weekly Change |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Australia | 4.85 | (↑25 pt) | O/N Interbank Cash | 4.85 | (↑25 pt) | USD 3-month | 4.06 | (↓1 pt) | ASX200 | 8980 | (↑53 pt) |
| US (IOR) | 3.90 | (0 pt) | 90-day Bills | 4.93 | (↑3 pt) | 2-yr T-Notes | 4.48 | (↓9 pt) | S&P500 | 7354 | (↓367 pt) |
| Eurozone (Deposit) | 2.50 | (0 pt) | 3-yr T-Bond | 4.69 | (↓12 pt) | 10-yr T-Notes | 4.85 | (↓7 pt) | DJIA | 51523 | (↓820 pt) |
| UK | 4.00 | (↑25 pt) | 10-yr T-Bond | 5.02 | (↓10 pt) | Jap 10-yr | 2.69 | (↓10 pt) | Nikkei | 57859 | (↓5161 pt) |
| Japan (Target) | 1.25 | (0 pt) | 3-yr WATC Bond | 4.94 | (↓12 pt) | UK 10-yr | 5.13 | (↓16 pt) | CSI300 | 4067 | (↑73 pt) |
| China (1Y LPR) | 3.00 | (0 pt) | 10-yr WATC Bond | 5.49 | (↓10 pt) | Ger 10-yr | 3.24 | (↓11 pt) | Stoxx600 | 655 | (↑6 pt) |

Changes are since the previous issue of Market WATCh Weekly.

# Financial Markets

## Interest Rates

As expected, the RBA Monetary Policy Board raised the cash rate by 25 basis points to an 18-year high of 4.85%. However, the 6-3 split in the vote surprised many market participants.

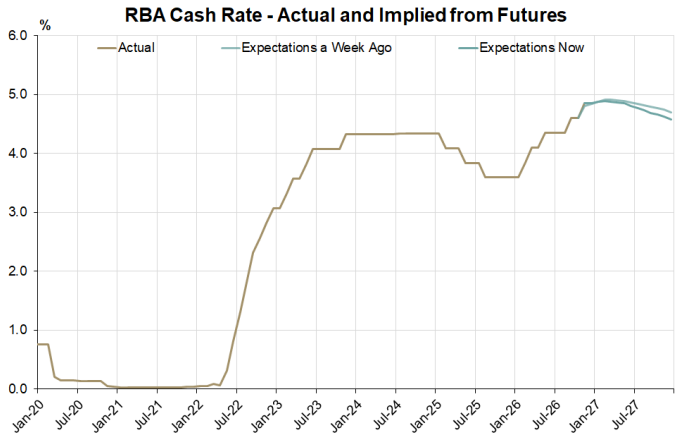
The Board removed the explicit reference to being prepared to raise rates further from its post-meeting statement. At the press conference, RBA Governor Michele Bullock suggested it would be a good time to pause, but declined to offer more specific guidance.

The RBA also revised its inflation forecasts upwards. Inflation is now expected to return to the 2-3% target band in late 2027, three quarters later than forecast in August.

The Bank of England raised its bank rate by 25 basis points to 4.00% this week, with one Monetary Policy Committee member preferring a larger, 50 basis point increase.

Government bond yields generally fell this week, mainly reflecting safe-haven flows as global markets sold off following initial optimism about the US midterm elections.

Commonwealth bond yields fell comparatively sharply as expectations of further cash rate increases eased following the RBA's split vote and the Governor's tentative signals of a likely pause in tightening.



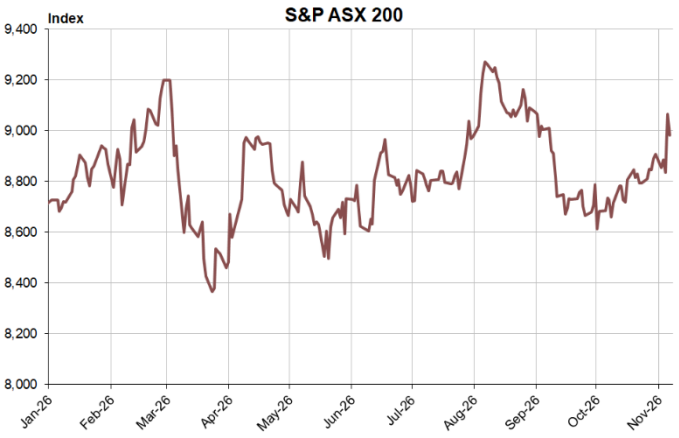

*Source: Bloomberg*

## Equities

US equities were on track for their first weekly gain in four weeks before a sharp sell-off sent the S&P 500 down 4.4% overnight. Stocks linked to the AI infrastructure buildout led the decline amid concerns that the new Congress would move to constrain data centre construction.

The Australian share market appears on track for its fifth weekly gain in six weeks. Consumer stocks, miners, information technology and real estate made the largest contributions, while energy recorded the largest falls.

The ASX 200 closed at a two-month high on Thursday before easing this morning following the overnight US sell-off.




*Source: Bloomberg*

## Currencies

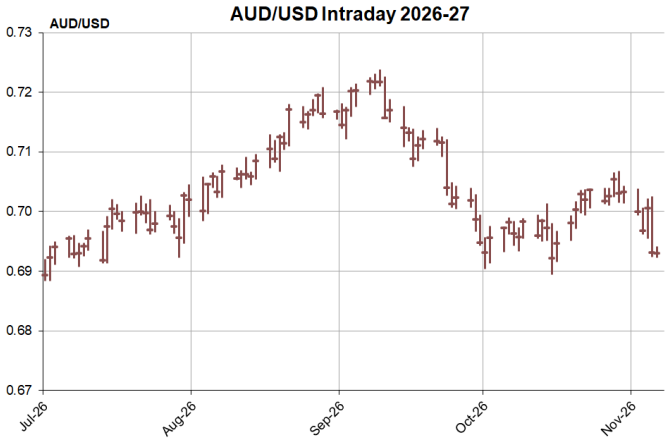
The Australian dollar was the weakest G10 currency this week, despite Tuesday's RBA cash rate increase, as markets scaled back expectations of further tightening.

After falling sharply early in the week, the AUD/USD recovered as the US dollar weakened on hopes that the US election results would ease geopolitical risks.

The AUD came under renewed pressure during Thursday's US session as a technology-led equity sell-off weakened risk appetite. The AUD/USD is currently trading at 2½-week lows.

The Swiss franc, British pound and euro were the strongest G10 currencies over the past five days.

The AUD/GBP has fallen to its lowest level since February, with the pound boosted by the Bank of England interest rate hike. The AUD is at its lowest level since mid-October against both the euro and Japanese yen.




*Source: Bloomberg*

| Spot Rates | Current | High | Low | Change (%) | 52-Week High | 52-Week Low |
|---|---|---|---|---|---|---|
| AUD/USD | 0.6914 | 0.7038 | 0.6913 | ↓1.8 | 0.7278 | 0.6421 |
| AUD/EUR | 0.6169 | 0.6308 | 0.6168 | ↓1.9 | 0.6338 | 0.4884 |
| AUD/GBP | 0.5143 | 0.5262 | 0.5143 | ↓2.2 | 0.5394 | 0.4884 |
| AUD/JPY | 109.14 | 111.31 | 108.94 | ↓1.5 | 114.96 | 98.83 |
| AUD/CNY | 4.6109 | 4.6865 | 4.6103 | ↓1.7 | 4.9567 | 4.5602 |
| EUR/USD | 1.1208 | 1.1273 | 1.1152 | ↑0.1 | 1.2081 | 1.1105 |
| GBP/USD | 1.3442 | 1.3503 | 1.3379 | ↑0.4 | 1.3868 | 1.3038 |
| USD/JPY | 157.85 | 158.77 | 157.26 | ↑0.3 | 163.99 | 152.10 |
| USD/CNY | 6.6690 | 6.6867 | 6.6449 | ↑0.2 | 7.1254 | 6.6449 |

| Forward Rates | Spot | 3M | 6M | 12M |
|---|---|---|---|---|
| AUD/USD | 0.6914 | 0.6901 | 0.6891 | 0.6876 |
| AUD/EUR | 0.6169 | 0.6134 | 0.6103 | 0.6047 |
| AUD/GBP | 0.5143 | 0.5134 | 0.5128 | 0.5124 |
| AUD/JPY | 109.14 | 108.12 | 107.19 | 105.43 |
| AUD/NZD | 1.2391 | 1.2329 | 1.2276 | 1.2190 |
| AUD/SGD | 0.8849 | 0.8778 | 0.8708 | 0.8571 |

## Commodities

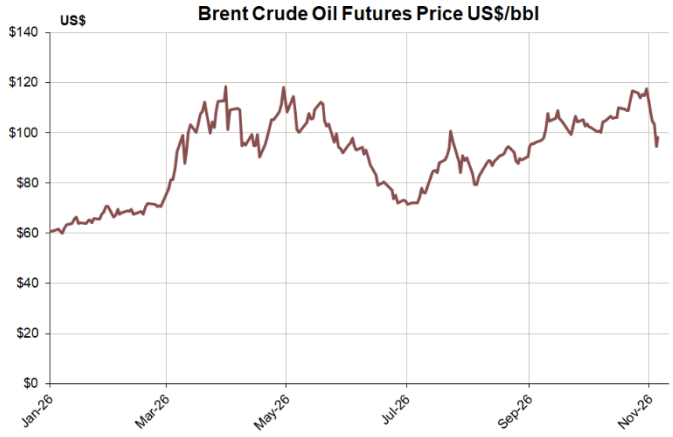
Crude opened the week sharply lower, with Brent futures slumping 7.6% on Monday amid hopes for a de-escalation of Middle East tensions. The optimism was driven by reports that the US and Iran were engaging in indirect talks, mediated by Qatar.

Prices continued to fall through Wednesday, with the US midterm election results adding to downward pressure as investors saw greater scope for a negotiated end to the US-Iran conflict.

Brent crude futures fell to two-month lows before rebounding on Thursday and in early trade today following news of further attacks on shipping in the Strait of Hormuz.

Iron ore futures climbed to their highest level since September. The rise came despite the release of some soft Chinese economic data early this week.

Gold fell to its lowest level in over a year before rebounding, boosted by falling US Treasury yields.



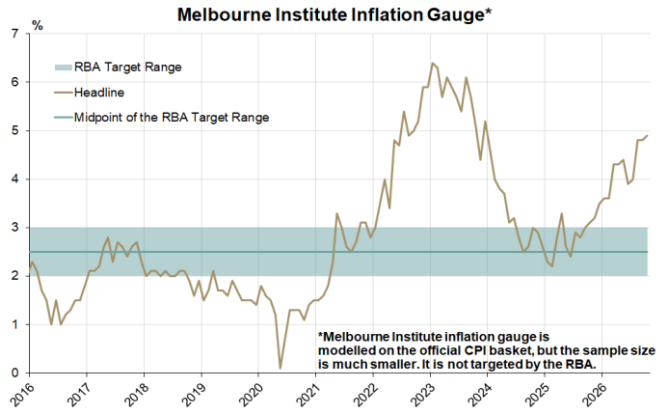

*Source: Bloomberg*

| | Current | High | Low | Change | 52-Week High | 52-Week Low |
|---|---|---|---|---|---|---|
| Gold (US$) | $4,049.91 | $4,146.97 | $3,882.27 | (↑$49.51) | $5,595.47 | $3,870.26 |
| Brent Crude Oil (US$) | $99.53 | $112.41 | $93.22 | (↓$16.64) | $126.41 | $58.72 |
| Mogas95* (US$) | $108.82 | $128.63 | $101.03 | (↓$19.91) | $150.55 | $68.52 |
| WTI Oil (US$) | $91.32 | $102.75 | $86.65 | (↓$12.04) | $119.48 | $54.98 |
| CRB Index | 390.54 | 411.10 | 389.01 | (↓20.88) | 429.15 | 291.69 |
| Iron Ore Price 61% Fe (US$) ** | $93.40 | $93.65 | $90.25 | (↑$2.25) | $111.90 | $89.10 |

*Mogas95 is the Singapore benchmark petrol price closely linked to Australian domestic fuel prices.
** The Iron Ore Price is the SGX 61% Fe iron ore futures 2nd contract.

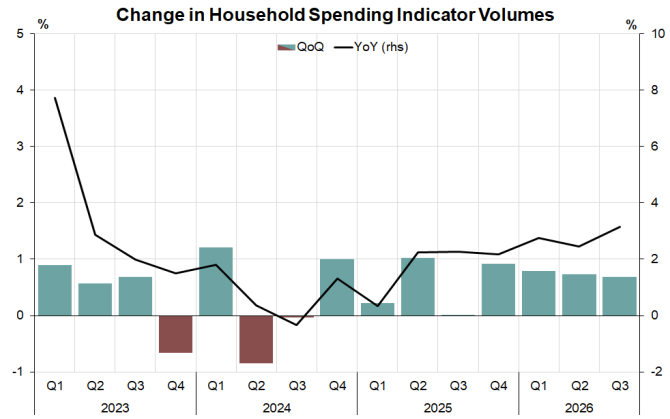
## Domestic Economy

***Melbourne Institute inflation gauge*** *suggested consumer price growth accelerated further in October.*



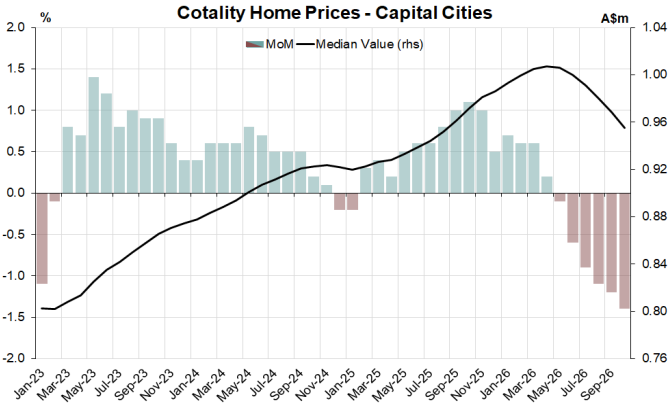

*Source: Bloomberg*

*Despite the price pressures,* ***household spending volumes*** *continue to rise at a decent pace.*



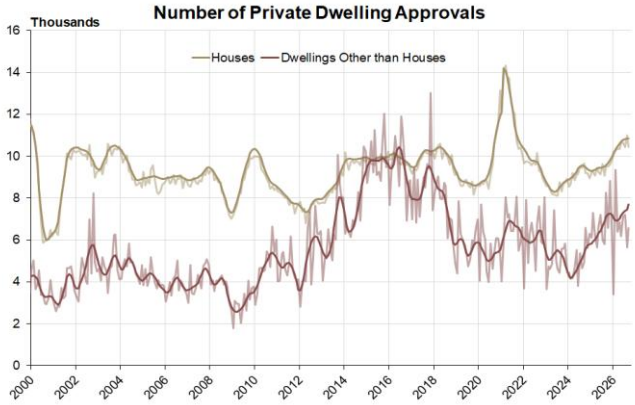

*Source: ABS*

*According to Cotality, the correction in* ***home prices deepened*** *in October.*




*Source: Cotality*

***Dwelling approvals*** *remain in an uptrend, however, construction projects are taking a long time to complete.*



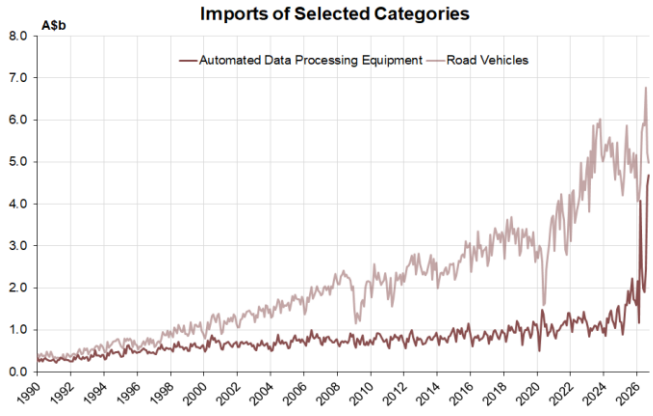

*Source: ABS*

*The* ***goods trade surplus*** *improved in September, with a rebound in exports and fall in imports.*




*Source: ABS*

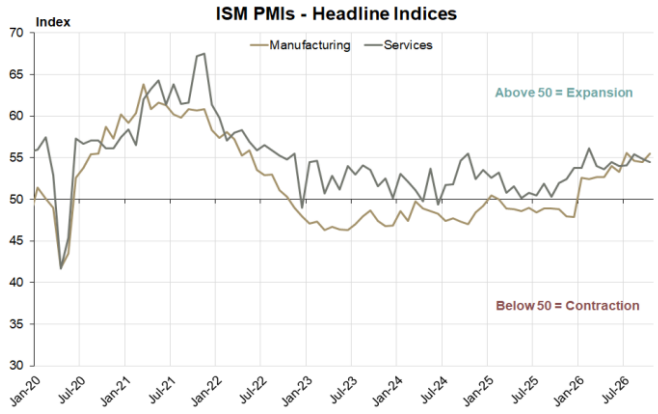
*Imports of* ***automated data processing equipment*** *rose to a new record high amid the ongoing data centre boom.*




*Source: ABS*

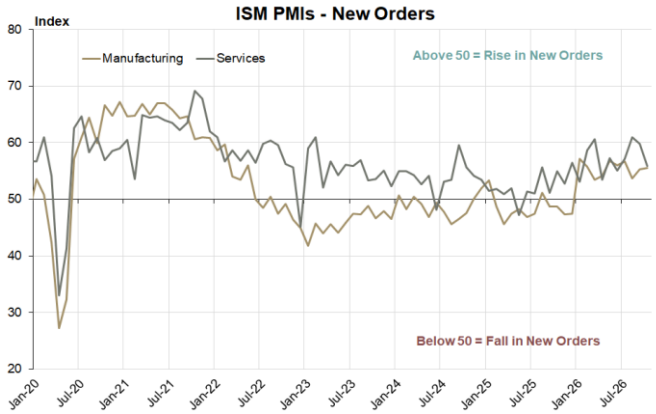
## Global Economy

***ISM PMIs** suggest that solid expansion in the US continues, despite a marginal slowdown in services.*




*Source: Bloomberg*

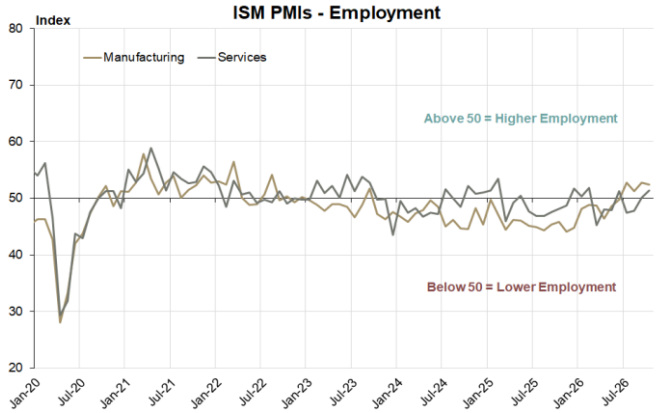
***New orders** continue to rise at a decent pace, but there was strong deceleration in growth in services orders.*




*Source: Bloomberg*

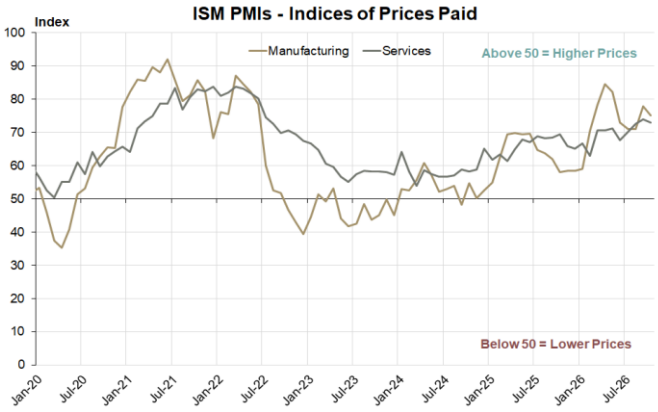
*Both ISM **employment** indexes remained in expansion, with services hiring strengthening*

.



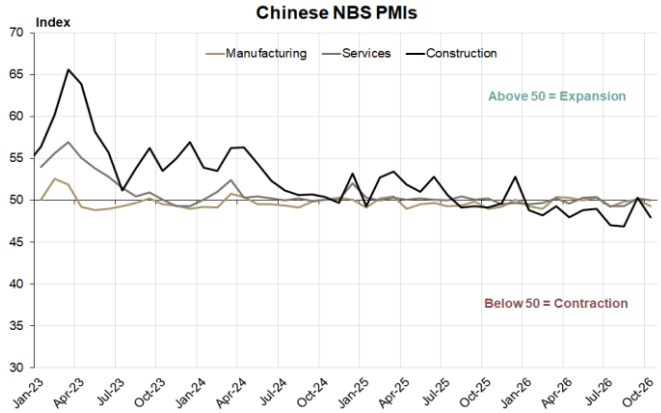

*Source: Bloomberg*

*At the same time, despite some easing, **cost pressures** remain acute, both in US services and manufacturing.*



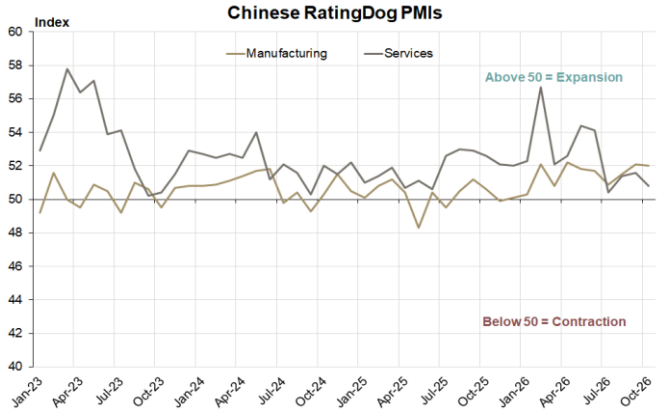

*Source: Bloomberg*

*Across the Pacific, the **Chinese NBS PMIs** pointed to renewed contraction in manufacturing and construction.*




*Source: Bloomberg*

*The **RatingDog PMIs** remained more optimistic than their NBS equivalents, but also pointed to slowdown.*




*Source: Bloomberg*

# Market Watch Weekly

06 NOVEMBER 2026

## Last Week

| Date | Event | Actual | Forecast | Previous | Comment |
|---|---|---|---|---|---|
| **Mon 02** | | | | | |
| AU | MI Inflation Gauge (YoY, Oct) | 4.9% | - | 4.8% | Points to further slight acceleration in price growth in Oct. |
| AU | Cotality Home Prices (MoM, Oct) | -1.2% | - | -1.1% | Perth home prices down by 1.7% in October. |
| AU | Dwelling Approvals (MoM, Sep) | 5.1% | 4.0% | -5.2% | Increase driven by apartment approvals. |
| CH | RatingDog Mfg PMI (Oct) | 52.0 | 52.0 | 52.1 | Export charges declined for the first time in a year. |
| US | ISM Manufacturing PMI (Oct) | 55.5 | 54.5 | 54.5 | New orders growth re-accelerated a little. |
| | | | | | |
| **Tue 03** | | | | | |
| AU | RBA Decision (Cash Rate) | 4.85% | 4.85% | 4.60% | Appears to be the peak of the cycle, at least for now. |
| AU | RBA SoMP (Q4) | - | - | - | Inflation to remain higher for longer. |
| AU | RBA Governor M. Bullock Speaks | - | - | - | Reckons it is time for a pause to assess the data. |
| AU | ANZ Cons. Conf. (w/e 31 Oct) | 66.2 | - | 67.9 | Inflation expectations declined by 0.2ppts to 6.1%. |
| US | JOLTS Job Openings (Sep) | 7.5m | 7.2m | 7.2m | Around 400k higher than the number of unemployed. |
| US | Mid-term Elections | - | - | - | Democrats won both the HoR and Senate. |
| | | | | | |
| **Wed 04** | | | | | |
| AU | Household Spending (MoM, Sep) | 0.6% | 0.2% | -0.1% | Spending volumes increased by a solid 0.7% QoQ in Q3. |
| CH | RatingDog Services PMI (Oct) | 50.8 | 51.7 | 51.6 | Points to the slowest growth in three months. |
| EZ | HICP (YoY, Oct, flash) | 4.0% | 4.0% | 3.8% | Core inflation was steady at 2.5%. |
| US | ADP Employment (MoM, Oct) | 86k | 67k | 86k | Half of the gain came from trade, transport and utilities. |
| US | ISM Services PMI (Oct) | 54.5 | 54.8 | 54.9 | Suggested a somewhat faster rise in employment. |
| | | | | | |
| **Thu 05** | | | | | |
| AU | Goods Trade Balance (Sep) | A$2.8b | A$1.0b | A$0.2b | A decent rise thanks to higher exports and lower imports. |
| AU | RBA Deputy Governor Speaks | - | - | - | Trust that the RBA will bring inflation to 2-3% is falling. |
| UK | BoE Decision (Bank Rate) | 4.00% | 4.00% | 3.75% | One decision-maker preferred a larger, 50bps hike. |
| US | Initial Jobless Claims (w/e 31 Oct) | 189k | 196k | 195k | Continued claims rose above 1.7m in w/e 24 October. |
| | | | | | |
| **Fri 06** | | | | | |
| US | Non-farm Payrolls (MoM, Oct) | - | 55k | 29k | US labour market conditions again turning a bit weaker. |
| US | Unemployment Rate (Oct) | - | 4.2% | 4.2% | Roughly in line with the Fed's longer-run estimate. |
| US | UMich Cons. Conf. (Nov, prel.) | - | 48.0 | 48.0 | Inflation expectations to remain heightened but steady. |

## Next Week

| Date | Event | Forecast | Previous | Comment |
|---|---|---|---|---|
| **Mon 09** | | | | |
| AU | RBA Assistant Governor S. Hunter Speaks | - | - | Speech at the UBS Australasia Conference in Sydney. |
| CH | CPI (YoY, Oct) | 0.8% | 0.9% | Chinese consumer price inflation remains weak… |
| CH | PPI (YoY, Oct) | 5.4% | 5.0% | … despite accelerating cost pressures. |
| | | | | |
| **Tue 10** | | | | |
| AU | Westpac Cons. Sentiment (MoM, Nov) | - | -4.7% | Will not benefit from the RBA November hike. |
| AU | NAB Business Conditions (Oct) | - | -1 | PMIs pointed to negative conditions in October. |
| AU | NAB Business Confidence (Oct) | - | -13 | Has been deteriorating back since mid-2026. |
| CH | Trade Balance (Oct) | US$127b | US$134b | Exports and imports growth in double digits for six months. |
| US | CPI (MoM, Oct) | 0.3% | 0.6% | The core CPI expected to rise by 0.2% vs 0.3% in September. |
| US | NY Fed 1Y Inflation Expectations (Oct) | 3.8% | 3.9% | The household survey that the Fed pays most attention to. |
| US | NFIB Small Business Optimism (Oct) | 97.7 | 97.9 | Point to slight pessimism of the US small business sector. |
| | | | | |
| **Wed 11** | | | | |
| AU | New Home Loans (QoQ, Q3) | - | -5.2% | Investor home loans plunged 10.2% after tax changes in Q2. |
| | | | | |
| **Thu 12** | | | | |
| AU | MI Consumer Inflation Expectations (Nov) | - | 5.3% | Have been quite well-behaved despite the rise in inflation. |
| AU | RBA MPB Member Marnie Baker Speaks | - | - | Speech at the Australian Retail Credit Association. |
| UK | GDP (QoQ, Q3) | 0.7% | 0.5% | Business reports suggest steady growth in Q3. |
| | | | | |
| **Fri 13** | | | | |
| US | PPI (MoM, Oct) | 0.4% | 1.3% | Business reports point to easing, but still acute cost pressure. |