

Highlights this week

- In Australia, the minutes from the RBA meeting sounded hawkish. Employment saw an unexpected fall in September, driven by part-time jobs, while the unemployment rate remained unchanged at an upwardly revised 4.7%. NAB business conditions remained unchanged at a slightly negative level, while business confidence deteriorated. The Westpac leading index continued to point to economic growth remaining marginally below trend.
- Abroad, the IMF revised its 2026 global growth economic forecasts marginally upwards. The annual rate of US CPI inflation rose somewhat more than expected in September, while PPI inflation reached a nearly four-year high. US nominal retail sales saw a solid increase in September, though mostly due to higher petrol prices.

Highlights next week

- Next week will be very quiet domestically, with the October S&P Global flash PMIs on Friday being the only release of note.
- Friday will also see flash PMIs released for the major advanced economies. They will be preceded by Chinese Q3 GDP and September activity figures on Monday.

Central Bank Rates (%)	Weekly Change	Australian Interest Rates (%)	Weekly Change	Major Overseas Interest Rates (%)	Weekly Change	Global Equities	Weekly Change
Australia	4.60 (0 pt)	O/N Interbank Cash	4.60 (0 pt)	USD 3-month	3.77 (0 pt)	ASX200	8810 (↑104 pt)
US (IOR)	3.90 (0 pt)	90-day Bills	4.76 (↓1 pt)	2-yr T-Notes	4.77 (↑1 pt)	S&P500	7744 (↓21 pt)
Eurozone (Deposit)	2.50 (0 pt)	3-yr T-Bond	4.83 (↓9 pt)	10-yr T-Notes	5.08 (↓15 pt)	DJIA	52178 (↑946 pt)
UK	3.75 (0 pt)	10-yr T-Bond	5.22 (↓14 pt)	Jap 10-yr	2.92 (↓12 pt)	Nikkei	65090 (↓3424 pt)
Japan (Target)	1.25 (0 pt)	3-yr WATC Bond	5.07 (↓9 pt)	UK 10-yr	5.37 (↓11 pt)	CSI300	4166 (↓82 pt)
China (1Y LPR)	3.00 (0 pt)	10-yr WATC Bond	5.65 (↓12 pt)	Ger 10-yr	3.41 (↓8 pt)	Stoxx600	640 (↑15 pt)

Changes are since the previous issue of Market WATCH Weekly.

Financial Markets

Interest Rates

Long-term government bond yields generally declined this week, as equity prices fell, triggering flight-to-safety flows.

The declines in long-term yields came despite the upside surprises in US inflation figures this week, which – along with some hawkish comments from Fed officials – saw fed funds rate hike expectations intensify a little.

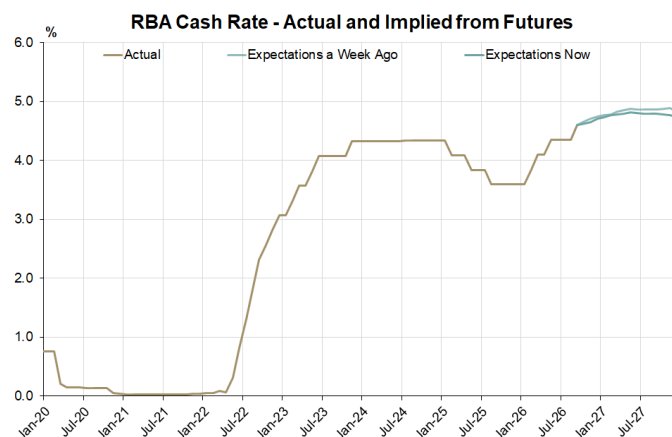
In Australia, yields declined across the yield curve, reflecting disappointing labour force survey results for September released on Thursday morning. Following this release, RBA tightening expectations eased significantly, with a rate hike no longer fully priced in for this cycle.

The disappointing labour market figures followed quite hawkish minutes from the RBA September meeting, when the Board unanimously decided to increase the cash rate to 4.60%. The document confirmed that the central bank was determined to return inflation to its goal, even if some of the recent rise in inflation was driven by factors beyond the RBA's control. However, the RBA accepts that – for inflation to reach its goal – slower growth in demand and jobs will be required.

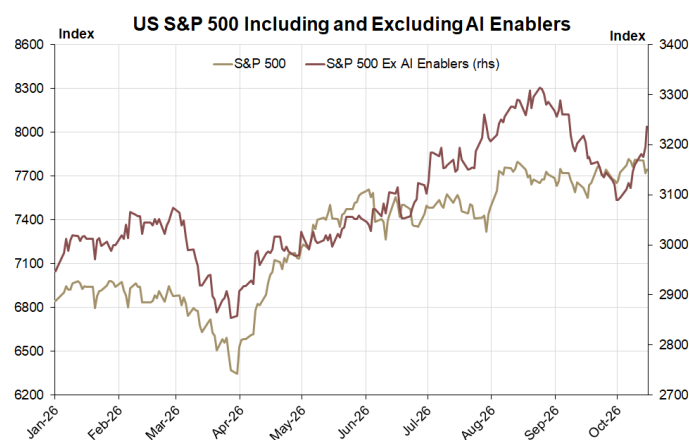
Equities

The S&P 500 is down 0.3% for the week, reflecting mainly the sell-off in tech stocks, particularly semiconductors and other artificial intelligence enablers, amid renewed concerns over the sustainability of the AI boom. Excluding AI enablers, the S&P 500 picked up by 2.9%. Information technology and industrials were the only sectors that saw declines this week, while other industries closed in the black.

The Aussie ASX 200, with its relatively small share of tech stocks, outperformed the US stock market. At the time of writing, the ASX 200 is up 1.2% for the week. Most industries saw gains, led by utilities, but there were also losses in materials, information technology and real estate.



Source: Bloomberg



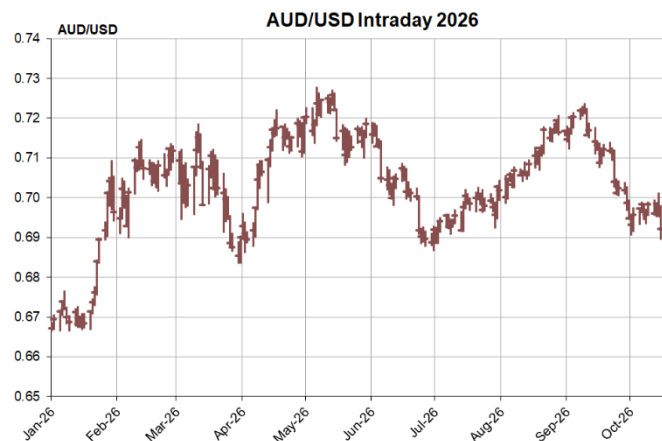
Source: Bloomberg

Currencies

The Australian dollar weakened against all G10 currencies over the past week, while the Norwegian krone, Swiss franc and New Zealand dollar were the strongest performers.

The AUD strengthened early in the week after hawkish minutes from the RBA Monetary Policy Board meeting reinforced rate-hike expectations. However, it fell sharply on Thursday after the soft Australian employment report dealt a blow to expectations for a hike in November.

AUD/USD briefly fell below US\$0.69 for the first time since early July before stabilising as the US dollar weakened. The greenback was the second-weakest G10 currency over the week, ahead of only the Japanese yen.



Source: Bloomberg

Spot Rates		Current	High	Low	Change (%)	52-Week High	52-Week Low
AUD/USD		0.6921	0.7013	0.6894	↓0.8	0.7278	0.6421
AUD/EUR		0.6173	0.6267	0.6148	↓0.7	0.6267	0.4796
AUD/GBP		0.5216	0.5294	0.5200	↓1	0.5394	0.4796
AUD/JPY		109.46	111.13	108.64	↓0.7	114.96	96.26
AUD/CNY		4.6289	4.6940	4.6130	↓1	4.9567	4.5602
EUR/USD		1.1212	1.1241	1.1113	↓0.1	1.2081	1.1113
GBP/USD		1.3270	1.3278	1.3137	↑0.2	1.3868	1.3010
USD/JPY		158.15	158.95	157.55	↑0.1	163.99	149.38
USD/CNY		6.6911	6.7003	6.6909	↓0.1	7.1333	6.6909

Forward Rates		Spot	3M	6M	12M
AUD/USD		0.6921	0.6913	0.6907	0.6902
AUD/EUR		0.6173	0.6141	0.6112	0.6059
AUD/GBP		0.5216	0.5208	0.5202	0.5199
AUD/JPY		109.46	108.50	107.60	105.91
AUD/NZD		1.2305	1.2256	1.2215	1.2155
AUD/SGD		0.8876	0.8809	0.8743	0.8612

Commodities

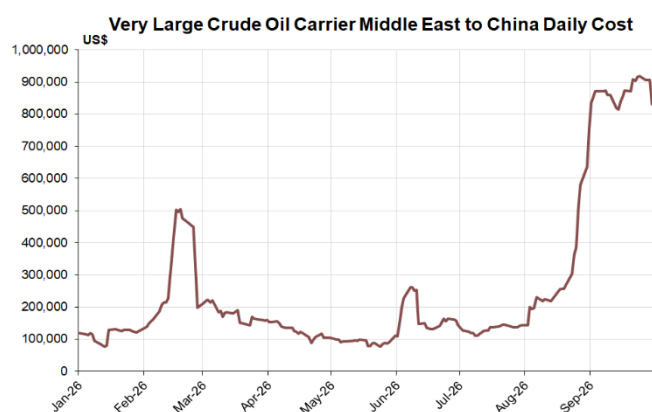
The conflict in the Middle East and associated shipping disruptions continued to exert upward pressure on oil prices.

Brent crude futures rose to a near two-week high on Monday after the US President's 'energy ceasefire' between Ukraine and Russia quickly unravelled. Prices subsequently eased, but Brent crude futures remain comfortably above US\$100 a barrel.

Tanker costs have also surged since hostilities began. The cost of shipping oil from the Persian Gulf to China has reportedly risen sharply, from about US\$7 a barrel for the largest tankers before the conflict to an estimated US\$36 a barrel.

Iron ore futures have edged down to their lowest level in more than two years and are currently holding just above US\$90 a tonne.

However, China's trade data indicated that demand for iron ore remains firm, with imports rising 1.2% to 109.8 million tonnes in September. Steel exports increased by 3.4% to a nine-month high of 10.5 million tonnes.



Source: Bloomberg

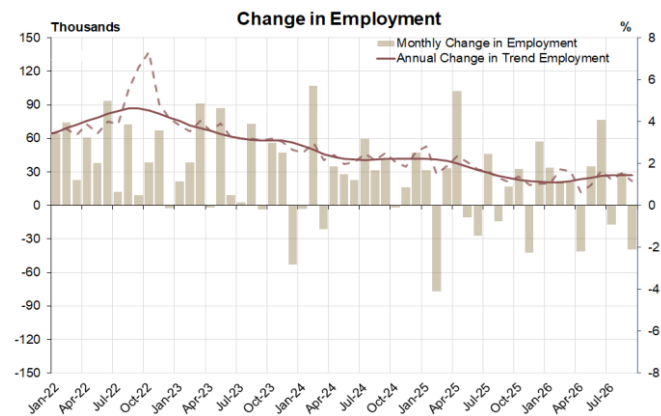
	Current	High	Low	Change	52-Week High	52-Week Low
Gold (US\$)	\$4,154.68	\$4,217.31	\$4,073.68	(↓\$22.45)	\$5,595.47	\$3,886.62
Brent Crude Oil (US\$)	\$105.51	\$107.33	\$102.33	(↑\$2.01)	\$126.41	\$58.72
Mogas95* (US\$)	\$127.48	\$133.68	\$125.31	(↓\$2.49)	\$150.55	\$68.52
WTI Oil (US\$)	\$97.48	\$98.32	\$89.61	(↑\$6.57)	\$119.48	\$54.98
CRB Index	417.49	418.14	414.73	(↑3.15)	429.15	291.69
Iron Ore Price 61% Fe (US\$) **	\$90.10	\$91.70	\$89.70	(↓\$0.7)	\$111.90	\$89.70

*Mogas95 is the Singapore benchmark petrol price closely linked to Australian domestic fuel prices.

** The Iron Ore Price is the SGX61% Fe iron ore futures 2nd contract.

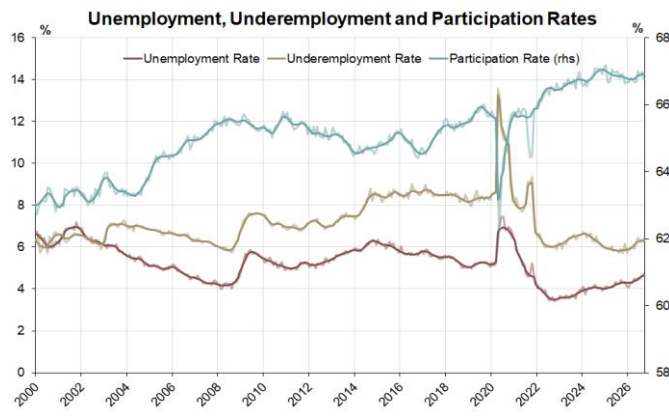
Domestic Economy

Employment fell in September, having been quite choppy of late, but its trend continues to rise steadily.



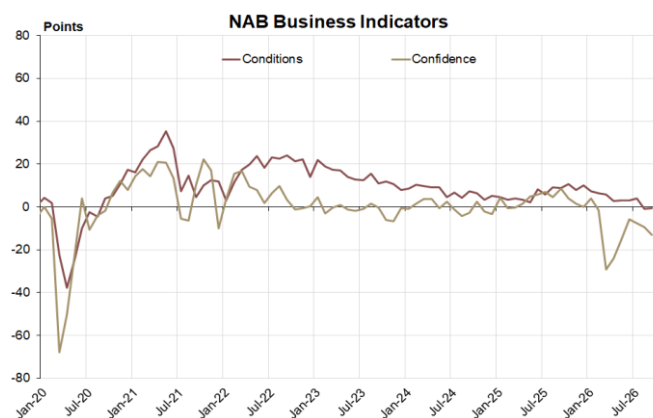
Source: ABS

Despite an increase, the **unemployment and underemployment rates** remain very low.



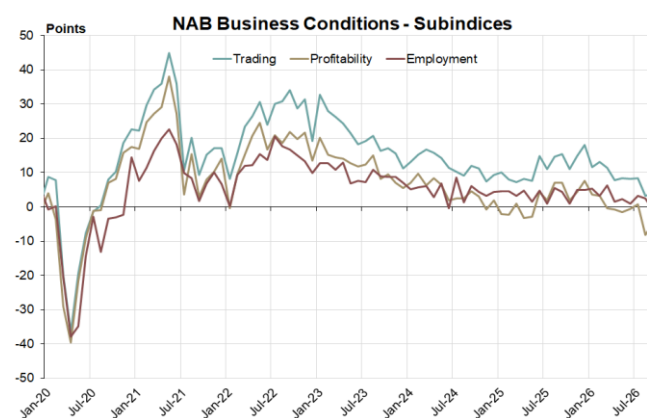
Source: ABS

NAB business conditions remain slightly negative, while business confidence deteriorated further.



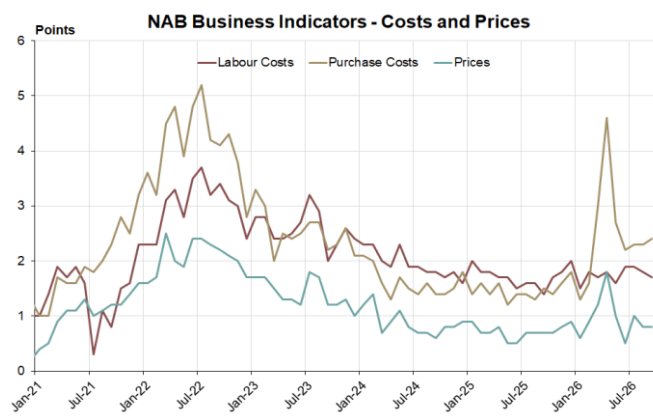
Source: Bloomberg

A fall in employment in September was offset by slightly better **trading conditions and profitability**.



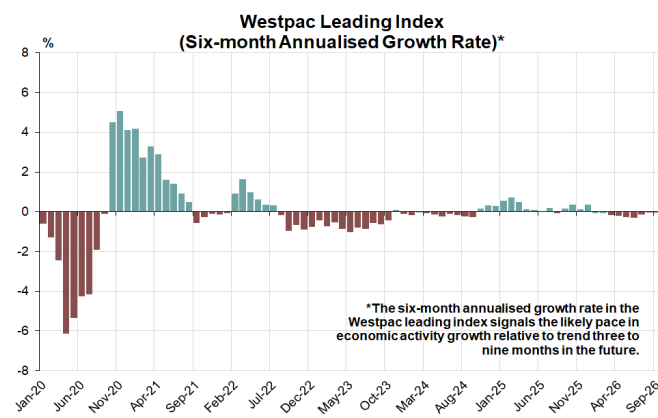
Source: Bloomberg

Purchase cost pressures are on a rise but remain much lower than earlier in the year.



Source: Bloomberg

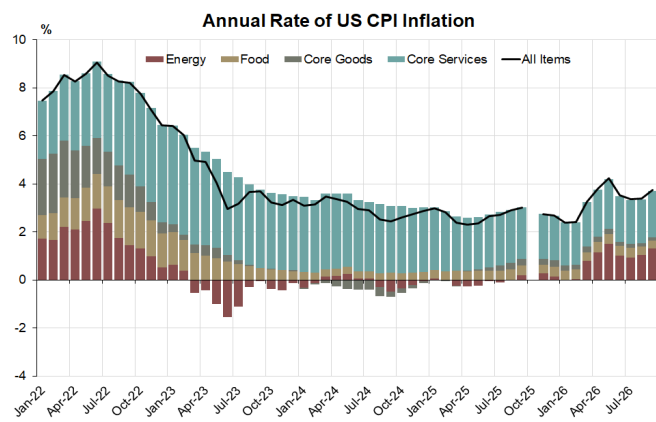
The **Westpac leading index** continues to suggest that growth will remain marginally below trend.



Source: Bloomberg

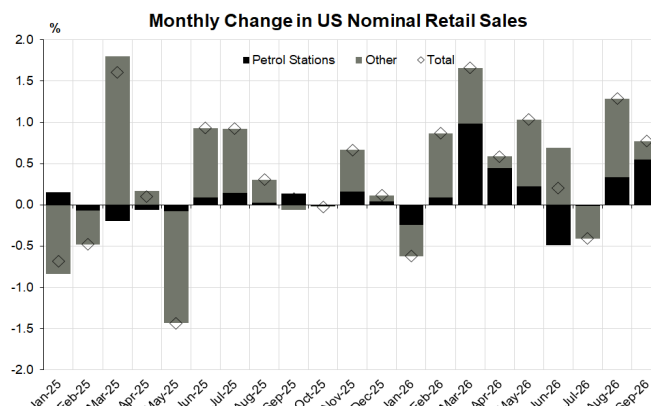
Global Economy

The rise in energy prices pushed **US CPI inflation** higher in September.



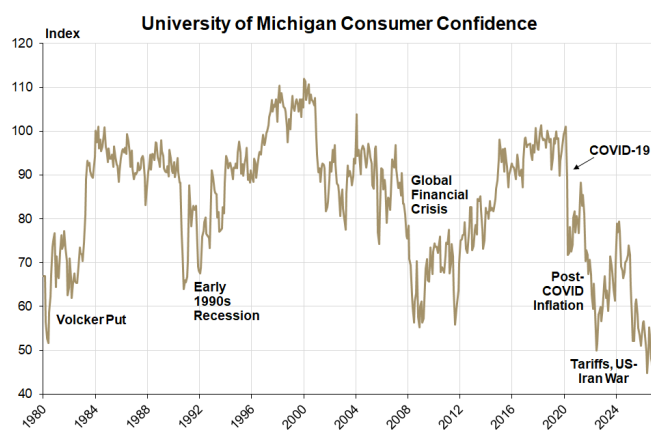
Source: Bloomberg

Higher petrol prices were also the key reason behind the rise in **US nominal retail sales** in September.



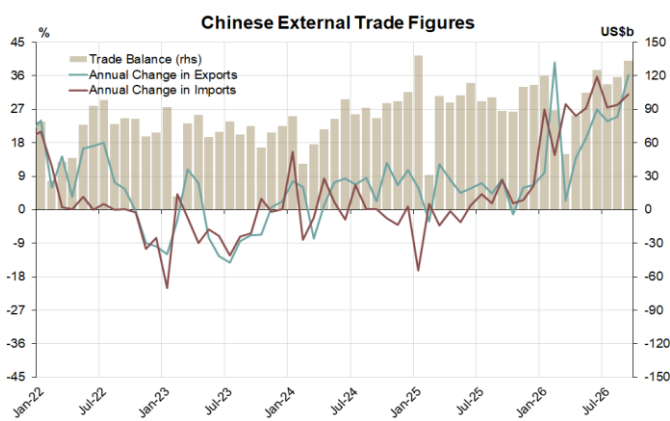
Source: Bloomberg

University of Michigan consumer confidence is again heading towards its record low.



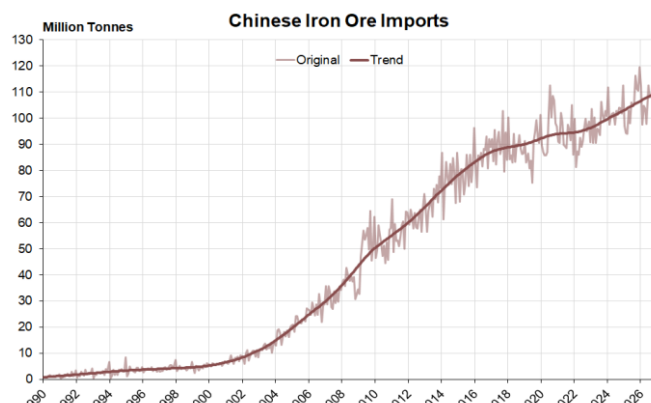
Source: Bloomberg

The **Chinese trade figures** remain strong, with exports and imports growth in double digits and accelerating...



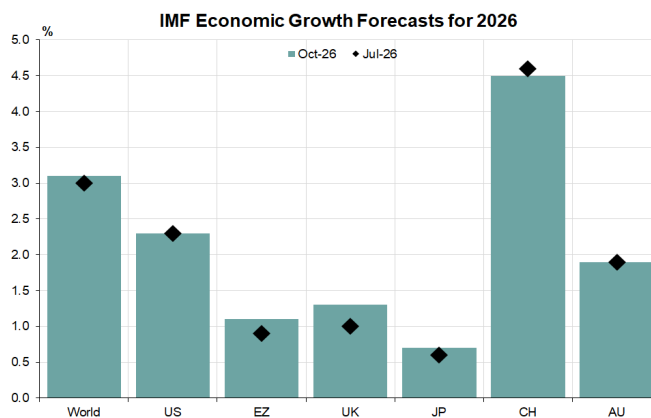
Source: Bloomberg

... and **Chinese iron ore imports** still trending upwards, despite month-to-month volatility.



Source: Bloomberg

The IMF upgraded its **2026 global growth forecasts** somewhat, reflecting mainly improvement in Europe.



Source: IMF

Last Week

Date	Event	Actual	Forecast	Previous	Comment
Mon 12					
	No market-moving data				
Tue 13					
AU	RBA Minutes (Sep)	-	-	-	RBA determined to return inflation to its goal.
AU	NAB Business Conditions (Sep)	-1	-	-1	Conditions in Western Australia remain very strong.
AU	NAB Business Confidence (Sep)	-13	-	-9	Negative and the lowest since May.
US	NFIB Business Optimism (Sep)	97.9	98.2	98.7	Uncertainty well above the historical average.
Wed 14					
AU	Westpac Lead. Index (MoM, Sep)	-0.1%	-	0.0%	Economic growth to remain marginally below trend.
CH	Trade Balance (Sep)	US\$134b	US\$118b	US\$119b	Exports and imports growth accelerated even more.
CH	CPI (YoY, Sep)	0.9%	1.0%	0.8%	Core inflation remained at a depressed level of 1.0%.
CH	PPI (YoY, Sep)	5.0%	4.4%	3.8%	The highest producer price inflation since mid-2022.
US	CPI (MoM, Sep)	0.6%	0.6%	0.4%	YoY headline and core inflation surprised to the upside.
US	Beige Book	-	-	-	Moderate growth, stagnant jobs and 'robust' inflation.
Thu 15					
AU	Employment (MoM, Sep)	-39.3k	20.0k	29.3k	Decline driven by part-time jobs, full-time jobs increased.
AU	Unemployment Rate (Sep)	4.7%	4.6%	4.7%	Trend unemployment rate unchanged at 4.6%.
UK	Monthly GDP (MoM, Aug)	0.1%	-0.1%	0.4%	Rise in manufacturing, fall in construction, services flat.
US	PPI (MoM, Sep)	1.3%	0.6%	0.5%	Annual PPI inflation the highest since late 2022.
US	Retail Sales (MoM, Sep)	0.8%	0.5%	1.3%	Over half of the increase came from higher petrol prices.
Tonight					
US	Industrial Production (MoM, Sep)	-	0.4%	0.0%	Was inconsistent with solid business reports for August.

Next Week

Date	Event	Forecast	Previous	Comment
Mon 19				
CH	GDP (YoY, Q3)	4.4%	4.3%	The target for the entirety of 2026 is 4.5-5.0%.
CH	Retail Sales (YoY, Sep)	0.5%	0.4%	Chinese consumer demand remains weak.
CH	Industrial Production (YoY, Sep)	5.4%	5.2%	The driver of Chinese economic growth at the moment.
CH	Urban Fixed Asset Inv. (YoY YtD, Sep)	-7.2%	-7.2%	The strongest decline since the early days of COVID-19.
Tue 20				
CH	PBoC Announcement (5Y LPR)	3.50%	3.50%	One-year loan prime rate to also remain unchanged at 3.00%.
UK	Unemployment Rate (Jun-Aug)	-	4.9%	Claimant count rate suggests a slight increase.
Wed 21				
UK	CPI (YoY, Sep)	-	3.1%	Has been above the BoE's goal largely since mid-2021.
Thu 22				
NZ	CPI (QoQ, Q3)	-	1.5%	Historically a good indicator for Aussie quarterly CPI figures.
Fri 23				
AU	S&P Global Composite PMI (Oct, flash)	-	51.3	First insights into the Aussie economic activity in October.
JP	S&P Global Composite PMI (Oct, flash)	-	52.3	Japanese manufacturing continues its strong growth.
EZ	S&P Global Composite PMI (Oct, flash)	-	53.1	Expansion in the euro area has been gathering pace.
UK	S&P Global Composite PMI (Oct, flash)	-	52.0	The pace of expansion eased somewhat in September.
US	S&P Global Composite PMI (Oct, flash)	-	58.4	Signals strong expansion in manufacturing and services.