Market Daily Update

04 NOVEMBER 2026

Interest Rates (%)		
Australia		**Δ bp**
90-day Bill	4.93	2
3-year Bond	4.74	-11
10-year Bond	5.08	-5
US		
2-year	4.61	2
10-year	4.95	4
Other 10-year		
Japan	2.78	0
Germany	3.33	4
UK	5.26	7

FX		
AUD/USD	0.6969	-0.5%
AUD/JPY	110.46	-0.1%
AUD/EUR	0.6219	-0.6%
AUD/GBP	0.5187	-0.6%
AUD/NZD	1.2465	0.0%
AUD/CNY	4.6503	-0.1%
EUR/USD	1.1208	0.1%
USD/JPY	158.51	0.4%
USD/CNY	6.6709	0.3%

RBA Policy	
O/N Cash Rate Target	4.85
Interbank O/N Cash Rate	4.85
Probability of a 25bps Hike in Dec	5.4%
RBA Bond Holdings (30 Oct)	A$213.6b

Commodities US$		
WTI Crude Oil	96.60	$0.21
Brent Crude Oil	103.60	-$1.17
Mogas95*	114.39	-$0.07
CRB Index	398.30	-2.75
Gold	3937.80	-$12.62
Silver	49.88	-$0.82
Iron Ore (61% Fe)**	91.20	$0.00
Iron Ore (26-27 Average)	95.45	-$0.05
Copper	14036.00	-$309.00

Equities		
ASX200	8839	-36
Dow Jones	51787	-197
S&P500	7569	28
Stoxx600	646	-4
CSI300	4009	-8

*Mogas95 is the Singapore benchmark petrol price closely linked to Australian domestic fuel prices.
**Iron ore is the second SGX futures contract.

As expected, the RBA Monetary Policy Board increased the cash rate by 25 basis points to an 18-year high of 4.85%. However, to the surprise of many market participants, the vote on the rate hike was 6-3 split. The Board said that inflation is not only elevated but also broad-based, and that the inflation projection had been revised 'materially higher', which increases the risk of de-anchoring of inflation expectations.

More specifically, headline inflation is now expected to peak at 4.5% towards the end of 2026 and, along with trimmed mean inflation, is not expected to return to the 2-3% target band until late 2027, three quarters later than forecast in August. Both headline and trimmed mean inflation are expected to return to the midpoint of the target range in mid-2028, compared with late 2027 in the August forecast.

The Monetary Policy Board removed the explicit reference to future rate hikes from the post-meeting statement, and RBA Governor Michele Bullock suggested at the press conference that it would be a good time for a pause, though she declined to give any more specific guidance.

The split vote and removal of the reference to rate hikes from the statement led to some scaling back of RBA monetary policy tightening expectations. At the time of writing, a 25bps hike is roughly 40% priced in for February. Commonwealth bond yields dropped as a result, particularly at the front end of the yield curve, with 3-year yields now at their lowest since early September. The Australian dollar depreciated against all the major currencies.

The ASX 200, which was trading marginally lower ahead of the RBA decision, eventually closed 0.3% higher yesterday, before opening lower this morning.

The negative start to the Australian session followed a mixed session in the US ahead of the publication of the US mid-term election results. The S&P 500 managed to climb by 0.4%, but mainly thanks to a rebound in tech stocks, while most sectors closed in the red. Only a handful of US election results are available at the time of writing, and the race is predicted to be very close in some jurisdictions, particularly for the Senate.

Oil prices were also mixed overnight, with Brent futures declining to yet another one-month low. This came despite news that the US military conducted an attack on the Iranian Qeshm island, which is located in the Strait of Hormuz. The strike was reportedly a response to attacks on US aircraft and commercial shipping in the Strait.

From economic data released overnight, US JOLTS job openings rose to a six-month high of 7.5m in October, to be around 400k above the number of officially unemployed, meaning that the US labour market remains quite tight. The number of job quits increased to 3.4m, while the number of layoffs dropped to 1.6m, the lowest level since March 2025.

Economic Data Review

- **US**: JOLTS Job Openings (Oct) – Actual 7.5m, Expected 7.2m, Previous 7.2m (revised).

Economic Data Preview

- **AU:** Household Spending (MoM, Sep) – Expected 0.2%, Previous 0.0%.
- **CH:** RatingDog Services PMI (Oct) – Expected 51.7, Previous 51.6.
- **US:** ADP Employment (monthly change, Oct) – Expected 66k, Previous 90k.
- **US:** ISM Services PMI (Oct) – Expected 54.8, Previous 54.9.