Market Watch Weekly

20 NOVEMBER 2026

Highlights this week

- In Australia, RBA minutes confirmed that members voting against a rate hike in November were concerned about the growth outlook. Employment saw an unexpected drop in October, while the unemployment rate rose to a five-year high, causing cash rate hike expectations to disappear. This followed acceleration in wages growth caused mainly by the hike in national minimum and award wages.
- Abroad, FOMC showed that almost all participants see a case for further monetary policy tightening. US retail sales growth slowed in October, mainly due to lower car sales and slower growth in petrol prices. US industrial production fell in October, yet manufacturing activity growth remained decent. Chinese economic activity data for October disappointed across the board.

Highlights next week

- The key domestic events next week will be S&P Global flash PMIs for November on Monday, Q3 construction work done on Wednesday and Q3 private sector capex on Thursday.
- Highlights offshore will include S&P Global PMIs for the major advanced economies as well as US personal income and its expenditure report, which will contain PCE inflation targeted by the Fed.

Central Bank Rates (%)		Weekly Change	Australian Interest Rates (%)		Weekly Change	Major Overseas Interest Rates (%)		Weekly Change	Global Equities		Weekly Change
Australia	4.85	(0 pt)	O/N Interbank Cash	4.85	(0 pt)	USD 3-month	4.19	(↑11 pt)	ASX200	8600	(↓477 pt)
US (IOR)	3.90	(0 pt)	90-day Bills	4.92	(↓2 pt)	2-yr T-Notes	4.74	(↓12 pt)	S&P500	7176	(↓417 pt)
Eurozone (Deposit)	2.50	(0 pt)	3-yr T-Bond	4.54	(↓24 pt)	10-yr T-Notes	5.03	(↓9 pt)	DJIA	49097	(↓3200 pt)
UK	4.00	(0 pt)	10-yr T-Bond	4.95	(↓17 pt)	Jap 10-yr	2.81	(↓5 pt)	Nikkei	57244	(↓4575 pt)
Japan (Target)	1.25	(0 pt)	3-yr WATC Bond	4.78	(↓24 pt)	UK 10-yr	5.31	(↑1 pt)	CSI300	3985	(↓59 pt)
China (1Y LPR)	3.00	(0 pt)	10-yr WATC Bond	5.37	(↓16 pt)	Ger 10-yr	3.40	(↑6 pt)	Stoxx600	638	(↓26 pt)

Changes are since the previous issue of Market WATCh Weekly.

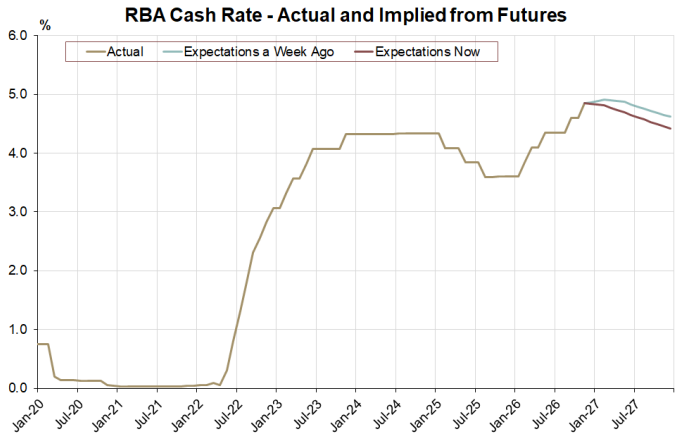
Financial Markets

Interest Rates

Government bond yields fell in both the US and Australia this week, despite hawkish communication from the Fed. Australian bond yields fell more sharply, reflecting a turnaround in cash rate expectations following Thursday's weak labour force report. Expectations of a rate hike in early 2027 have disappeared, with a 25bps rate cut now fully priced in for August 2027.

Meanwhile, RBA Monetary Policy Board minutes confirmed that the decision to raise the cash rate to an 18-year high of 4.85% on Melbourne Cup Day was made by a 6-3 majority. Those who preferred to leave rates unchanged placed greater weight on downside risks to growth and wanted more time to assess the impact of tightening to date.

FOMC minutes confirmed that 'almost all' Committee members judged that fed funds rate increases would 'likely be appropriate', given elevated inflation and employment close to its maximum level. Fed communication beyond the minutes was also hawkish this week, with an outsized 50bps fed funds rate hike in December again under consideration.



Source: Bloomberg

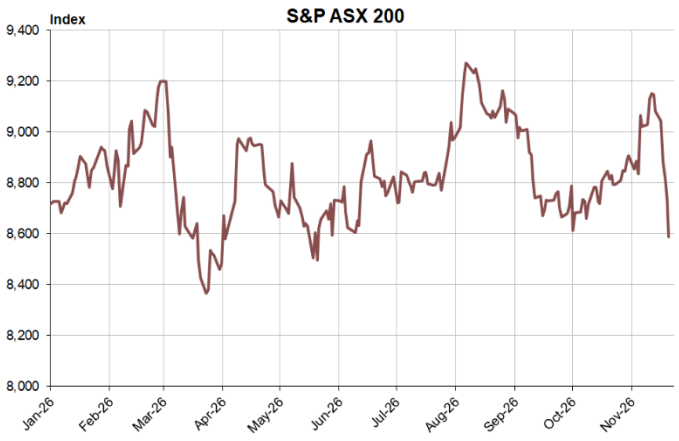
Equities

Equity market volatility rose sharply this week, with the VIX Index climbing to its highest level since March. Information technology stocks, led by AI-related shares, remain the main driver of volatility. A closely watched indicator of semiconductor shares has fallen 10.5% over the past five days.

Despite these concerns, Anthropic's IPO this week was highly successful, raising US$107.3 billion even though analysts do not expect the company to become profitable until 2029.

Australian shares have fallen for seven consecutive trading days. The ASX 200 is currently down 5.4% over the past week, with mining and energy stocks the main drags on the market.

The decline has pushed the ASX 200 to its lowest level since May.



Source: Bloomberg

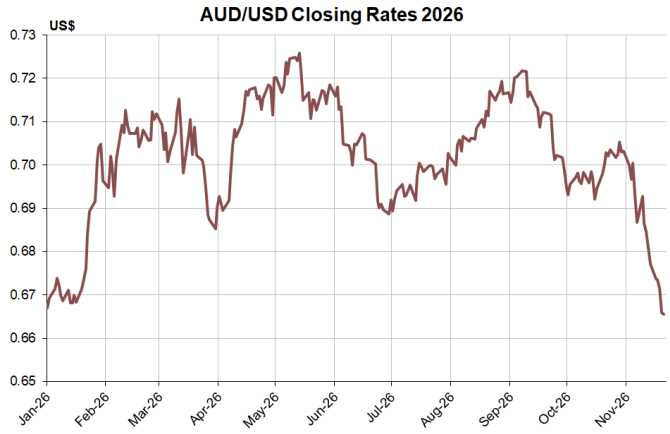
Currencies

The Australian dollar fell throughout the week, with losses accelerating on Thursday following the soft domestic employment report. Traders shifted from pricing in a chance of a further RBA cash rate increase in early 2027 to partially pricing in a cut.

The AUD's decline has been driven by lower interest rate expectations, weaker commodity prices and deteriorating financial market sentiment. The AUD/USD has fallen to its lowest level since December 2025.

The AUD was the weakest currency in the G10 basket, with its largest falls against the Japanese yen and US dollar. The yen has been the only major currency to appreciate against the strong US dollar, possibly reflecting Japanese investors repatriating funds from the falling US share market.

Rising expectations of Fed interest rate increases are adding to upward pressure on the US dollar, with the USD index climbing to fresh 19-month highs.



Source: Bloomberg

Spot Rates	Current	High	Low	Change (%)	52-Week High	52-Week Low
AUD/USD	0.6656	0.6799	0.6648	↓2.3	0.7278	0.6421
AUD/EUR	0.6067	0.6171	0.6062	↓1.5	0.6338	0.4884
AUD/GBP	0.5084	0.5141	0.5074	↓1.2	0.5394	0.4884
AUD/JPY	106.27	108.62	106.11	↓2.4	114.96	100.35
AUD/CNY	4.4641	4.5472	4.4414	↓1.8	4.9567	4.4414
EUR/USD	1.0971	1.1037	1.0953	↓0.8	1.2081	1.0953
GBP/USD	1.3088	1.3228	1.3081	↓1.1	1.3868	1.3038
USD/JPY	159.67	159.97	158.87	↓0.2	163.99	152.10
USD/CNY	6.6924	6.6944	6.6645	↑0.3	7.1182	6.6449

Forward Rates	Spot	3M	6M	12M
AUD/USD	0.6656	0.6646	0.6642	0.6644
AUD/EUR	0.6067	0.6033	0.6006	0.5959
AUD/GBP	0.5084	0.5076	0.5073	0.5078
AUD/JPY	106.27	105.29	104.43	102.84
AUD/NZD	1.2143	1.2085	1.2039	1.1970
AUD/SGD	0.8597	0.8531	0.8469	0.8349

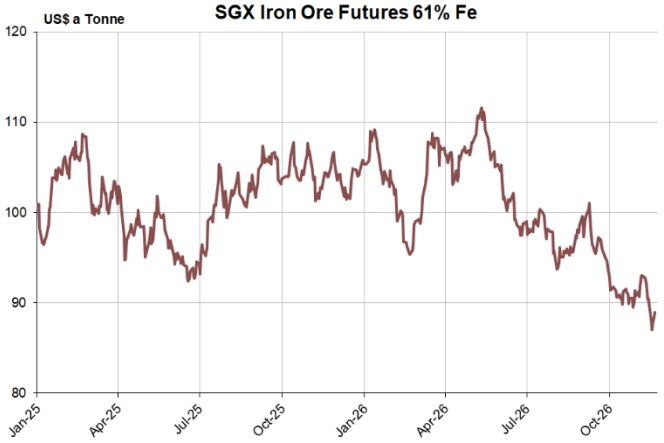
Commodities

Precious metals were among the worst-performing commodities over the past week, with gold prices falling to their lowest level since September last year.

Oil prices have slipped further despite ongoing attacks on vessels in the Strait of Hormuz.

The International Energy Agency's Oil Market Report for October noted that oil supply exceeded demand for the first time since the outbreak of the Middle East conflict. A partial recovery in Gulf exports brought the market back into surplus and lifted oil inventories.

Iron ore futures fell sharply early in the week following weak economic data from China, including declines in steel and pig iron production. Prices hit a four-year low on Tuesday before rising over the past three days.



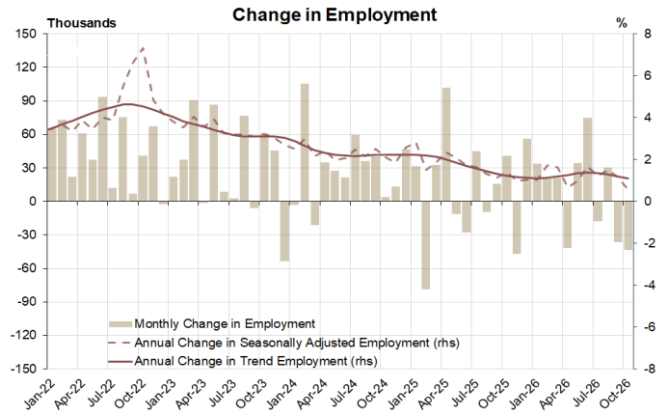
Source: Bloomberg

	Current	High	Low	Change	52-Week High	52-Week Low
Gold (US$)	$3,606.43	$3,901.35	$3,590.90	(↓$312.27)	$5,595.47	$3,590.90
Brent Crude Oil (US$)	$91.98	$97.13	$90.34	(↓$3.49)	$126.41	$58.72
Mogas95* (US$)	$97.42	$104.50	$93.65	(↓$8.29)	$150.55	$68.52
WTI Oil (US$)	$83.68	$89.49	$81.97	(↓$4.53)	$119.48	$54.98
CRB Index	371.57	386.51	371.57	(↓16.7)	429.15	291.69
Iron Ore Price 61% Fe (US$) **	$89.30	$90.50	$86.90	(↓$1.15)	$111.90	$86.90

*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.

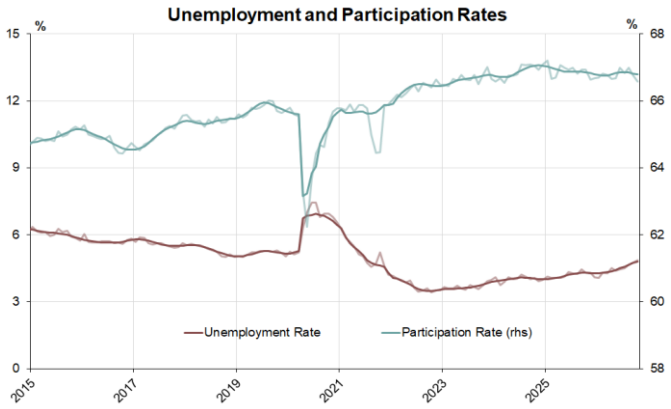
Domestic Economy

*Labour market conditions are now clearly easing, with **employment** seeing yet another strong fall in October…*



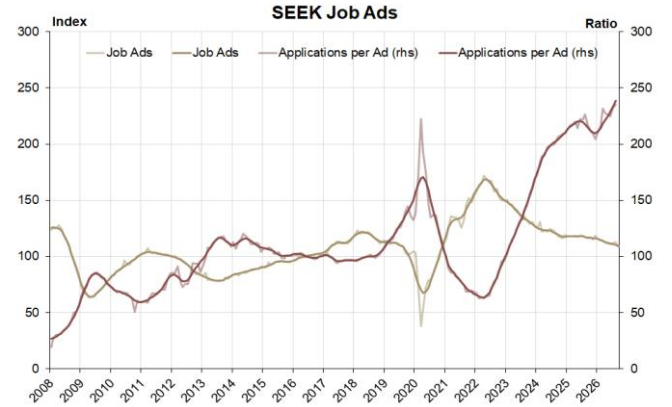
Source: ABS

*… and the **unemployment rate** clearly trending upwards.*



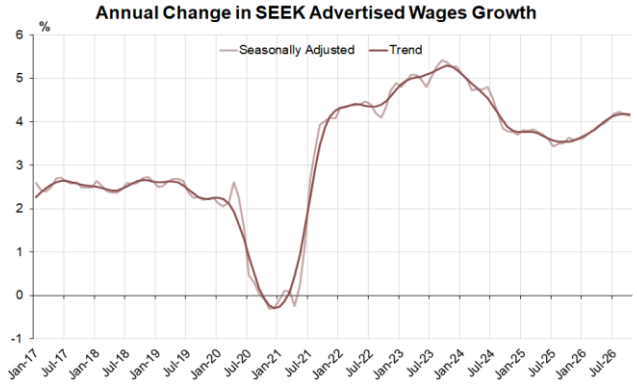
Source: ABS

*SEEK data suggest a decline in **job ads**, with the number of applications per ad at a record high.*



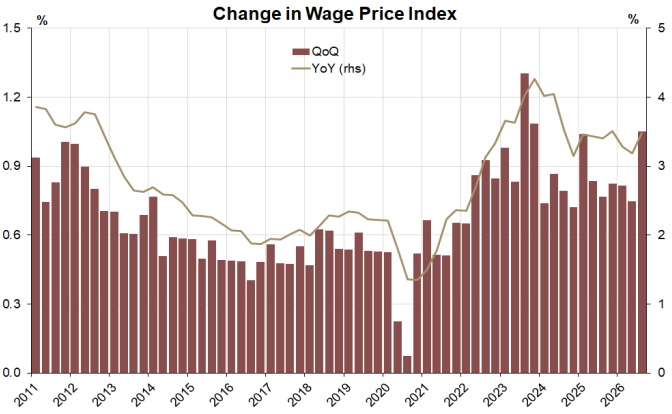
Source: SEEK

*Annual growth in **advertised wages** according to SEEK has stabilised at a quite strong level…*



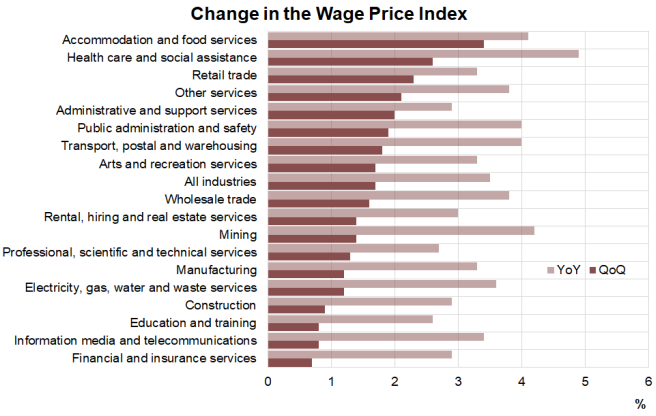
Source: SEEK

*… which followed acceleration in **wage growth** in Q3 after the significant hike in minimum and award wages.*



Source: ABS

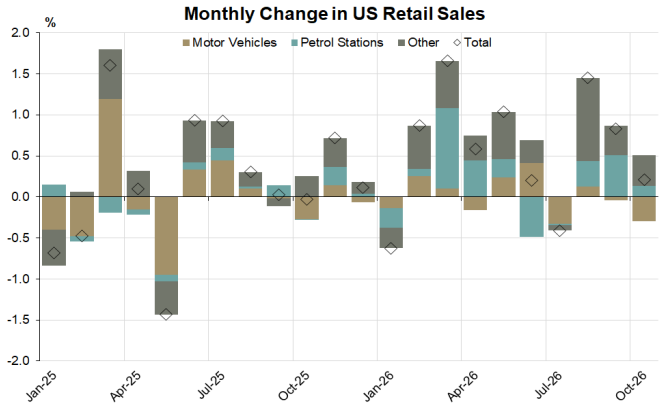
***Hospitality and health care** were most affected by the minimum wage hike and led the wage increases in Q3.*



Source: ABS

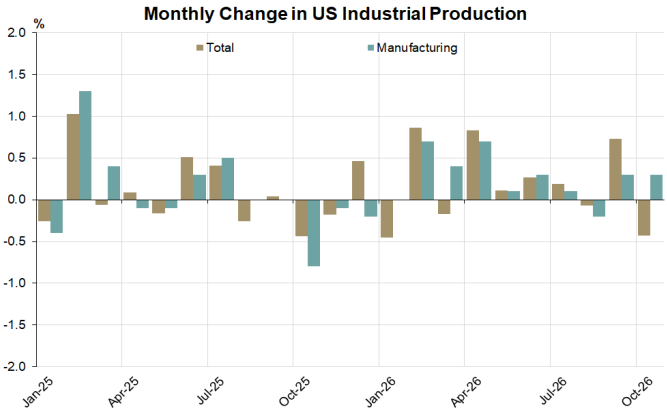
Global Economy

US retail sales *growth has decelerated, but mainly due to retreat in car sales and slower rise in petrol prices.*



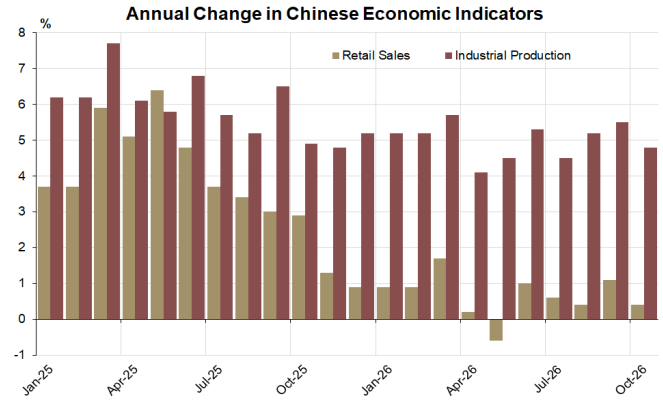
Source: Bloomberg

US industrial production *fell in October, but manufacturing activity continued to climb.*



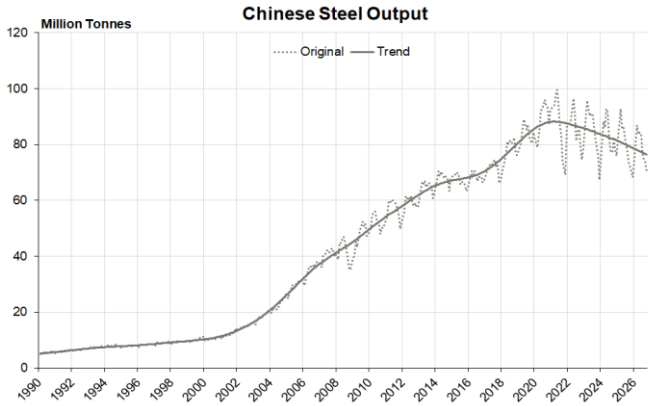
Source: Bloomberg

Across the Pacific, ***activity growth in China*** *slowed in October, with growth in retail sales being very sluggish.*



Source: Bloomberg

Chinese steel production *is trending downwards, but remains quite solid by historical standards.*



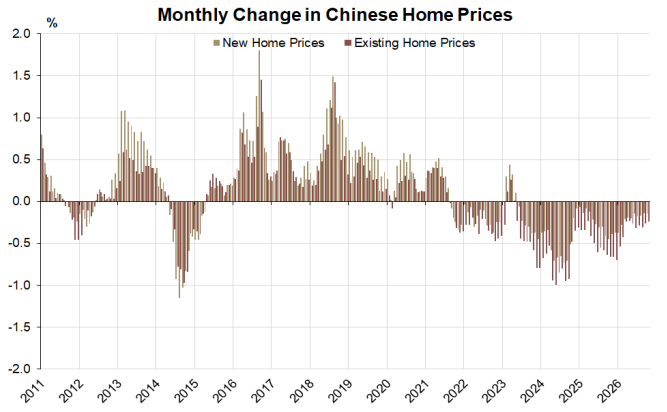
Source: Bloomberg

The downturn in ***Chinese investment*** *is accelerating, to be the fastest on record.*



Source: Bloomberg

Home prices in China *have been on a decline pretty much since early 2020s, but the pace of fall is slowing.*



Source: Bloomberg

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Last Week

Date	Event	Actual	Forecast	Previous	Comment
Mon 16					
JP	GDP (QoQ, Q3)	-0.1%	0.2%	1.7%	Private consumption saw an unexpected decline.
CH	Retail Sales (YoY, Oct)	0.4%	0.8%	1.1%	Chinese consumer remains very cautious.
CH	Industrial Production (YoY, Oct)	4.8%	5.3%	5.5%	Steel output down by 1.6% YoY.
CH	Urban Fixed Inv. (YoY YtD, Oct)	-8.1%	-7.0%	-7.2%	Property investment down by a record 21.6% YoY YtD.
Tue 17					
AU	RBA MPB Minutes	-	-	-	Some members concerned about growth ahead…
AU	RBA Governor M. Bullock Speaks	-	-	-	… but the Governor more worried about inflation outlook.
AU	ANZ Cons. Conf. (w/e 14 Nov)	66.6	-	63.1	Inflation expectations unchanged at 5.9%.
UK	Unemployment Rate (Jul-Sep)	4.6%	4.7%	4.7%	Employment rose by 155k in three months to September.
US	Retail Sales (MoM, Oct)	0.2%	0.1%	0.8%	Core sales rose by a solid 0.6%.
US	Industrial Production (MoM, Oct)	-0.4%	0.1%	0.7%	Activity in manufacturing picked up by 0.3%.
Wed 18					
AU	Wage Price Index (QoQ, Q3)	1.1%	1.0%	0.7%	Boosted by minimum and award wage hike in mid-2026.
AU	Westpac Leading Index (Oct)	-0.14%	-	+0.06%	6m annualised rate points to sub-trend growth ahead.
UK	CPI (YoY, Oct)	3.6%	3.6%	3.5%	Core inflation unchanged at 2.8% vs the BoE's 2% goal.
US	FOMC Minutes	-	-	-	Almost all members agree that rate hikes are needed.
Thu 19					
AU	Employment (MoM, Oct)	-43.5k	25.0k	-36.4k	The plunge was caused almost entirely by part-time jobs.
AU	Unemployment Rate (Oct)	4.9%	4.7%	4.7%	The highest level in five years.
US	Initial Jobless Claims (w/e 14 Nov)	203k	198k	202k	Continued claims bounced to a two-month high.
Fri 20					
CH	PBoC Announcement (5Y LPR)	3.50%	3.50%	3.50%	One-year loan prime rate also unchanged at 3.00%.

Next Week

Date	Event	Forecast	Previous	Comment
Mon 23				
AU	S&P Global Composite PMI (Nov, flash)	-	48.2	Fell back into contraction in October.
EZ	S&P Global Composite PMI (Nov, flash)	-	51.7	The second largest member state, France, is in contraction.
UK	S&P Global Composite PMI (Nov, flash)	-	52.9	Growth in the UK is relatively broad-based.
US	S&P Global Composite PMI (Nov, flash)	-	55.9	US continues to lead the major economies in terms of growth.
Tue 24				
JP	S&P Global Composite PMI (Nov, flash)	-	52.1	Growth in Japanese manufacturing remains solid.
US	C-S Hse Pce Index 20 Cities (MoM, Sep)	0.2%	0.3%	Has been on a rise despite the Fed tightening cycle.
US	Conference Board Cons. Conf. (Nov)	92.1	91.7	Its University of Michigan equivalent improved in November.
Wed 25				
AU	CPI (YoY, Oct)	4.8%	4.3%	Annual trimmed mean inflation expected to remain at 3.6%.
AU	Construction Work Done (QoQ, Q3)	0.5%	-2.1%	The fall in Q2 caused by engineering work done.
US	Personal Spending (MoM, Oct)	0.4%	0.5%	Real personal spending was flat in September.
US	PCE Price Index (MoM, Oct)	0.3%	0.5%	Only a marginal revision expected by consensus.
US	GDP (QoQ annualised, Q3, 2nd est.)	3.5%	3.4%	Consensus does not envisage a revision.
US	Durable Goods Orders (MoM, Oct)	0.5%	1.9%	The September gain boosted by aircraft orders.
US	Beige Book	-	-	Anecdotal information about conditions in Fed districts.
Thu 26				
AU	Private Sector Capex (QoQ, Q3)	4.3%	-3.6%	The fall in Q2 reflected a setback in data centre investment.
Fri 27				
	No market-moving data.			