# Australian Dollar Monthly

OCTOBER 2026

The Australian dollar strengthened against major currencies in October but ranked mid-table among the G10, with the Norwegian krone, Swedish krona and Canadian dollar recording the strongest gains. The AUD trade-weighted index reached a one-month high on 29 October, before easing slightly.

The AUD weakened over the first half of the month as escalating tensions in the Middle East weighed on market sentiment. A soft Australian labour market report added to the pressure by dampening expectations of a further RBA cash rate increase. Meanwhile, stronger demand for the US dollar pushed the USD index to its highest level since April 2025.

The AUD recovered its early losses as hawkish RBA comments reaffirmed the Bank's commitment to returning inflation to target. The comments drove a sharp rise in expectations of a November cash rate increase, reinforced by the September CPI report, which confirmed that underlying inflation had accelerated in Q3.

The Australian dollar's recovery in the second half of October, alongside a retreat in the US dollar from its earlier highs, lifted AUD/USD to a five-week high late in the month before it eased slightly.

The euro was the weakest G10 currency, weighed down by growing concerns about French government finances. AUD/EUR rose to its highest level since March 2023 late in October, before easing slightly at month-end.

| Model Expected Value | Present Rate | Expected Value Band |
|---|---|---|
| **0.7225** | 0.7032 | 0.7025 – 0.7425 |

The Australian dollar traded within a US$0.6921 to US$0.7054 range in October, averaging US$0.6989 before ending the month at US$0.7032. The AUD/USD averaged US$0.7042 over the first four months of 2026-27, compared with US$0.6787 in 2025-26.

Australian-US government bond yield spreads widened materially in October as US Treasury yields fell sharply. Australian yields declined less than their US counterparts, with increased expectations of a November RBA cash rate increase limiting the fall.

The RBA Monetary Policy Board did not meet in October. However, elevated September inflation and hawkish comments from RBA officials reaffirming their focus on returning inflation to the 2-3% target prompted traders to price in a greater likelihood of a November cash rate increase.

The futures market is pricing in an 80% probability of a further 25-basis-point RBA cash rate increase on 3 November, which would lift the rate to a near 18-year high of 4.85%. Market pricing also implies a 30% probability of an additional increase to 5.10% in early 2027.

The US Federal Reserve left the fed funds target range unchanged at 3.75-4.00% at its October meeting, following a rate increase in September. Traders are pricing in a 73% probability of a 25-basis-point fed funds rate rise in December.

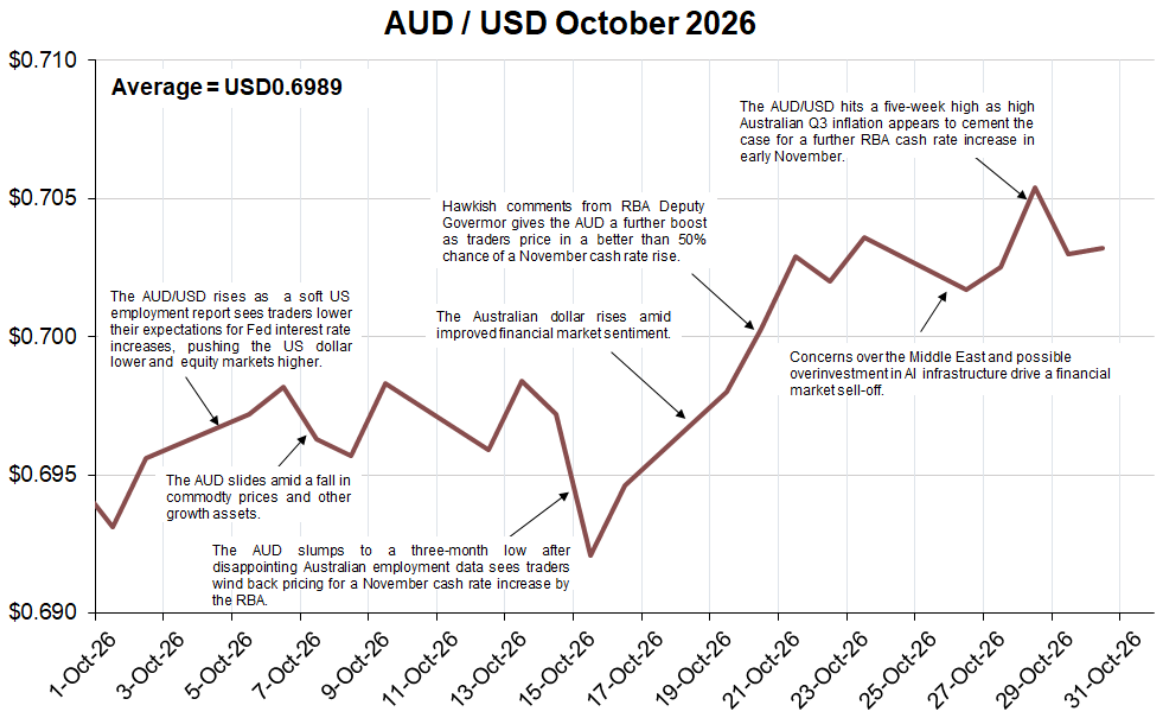
| | Current | Monthly High | Monthly Low | Monthly | 52wk High | 52wk Low |
|---|---|---|---|---|---|---|
| AUD/USD | 0.7032 | 0.7054 | 0.6921 | 1.2% | 0.7258 | 0.6440 |
| AUD/EUR | 0.6302 | 0.6324 | 0.6165 | 2.8% | 0.6324 | 0.5586 |
| AUD/GBP | 0.5251 | 0.5293 | 0.5214 | 0.3% | 0.5389 | 0.4914 |
| AUD/JPY | 110.80 | 111.34 | 109.35 | 1.3% | 114.82 | 99.18 |
| AUD/CNY | 4.6788 | 4.6986 | 4.6289 | 0.4% | 4.9311 | 4.5849 |

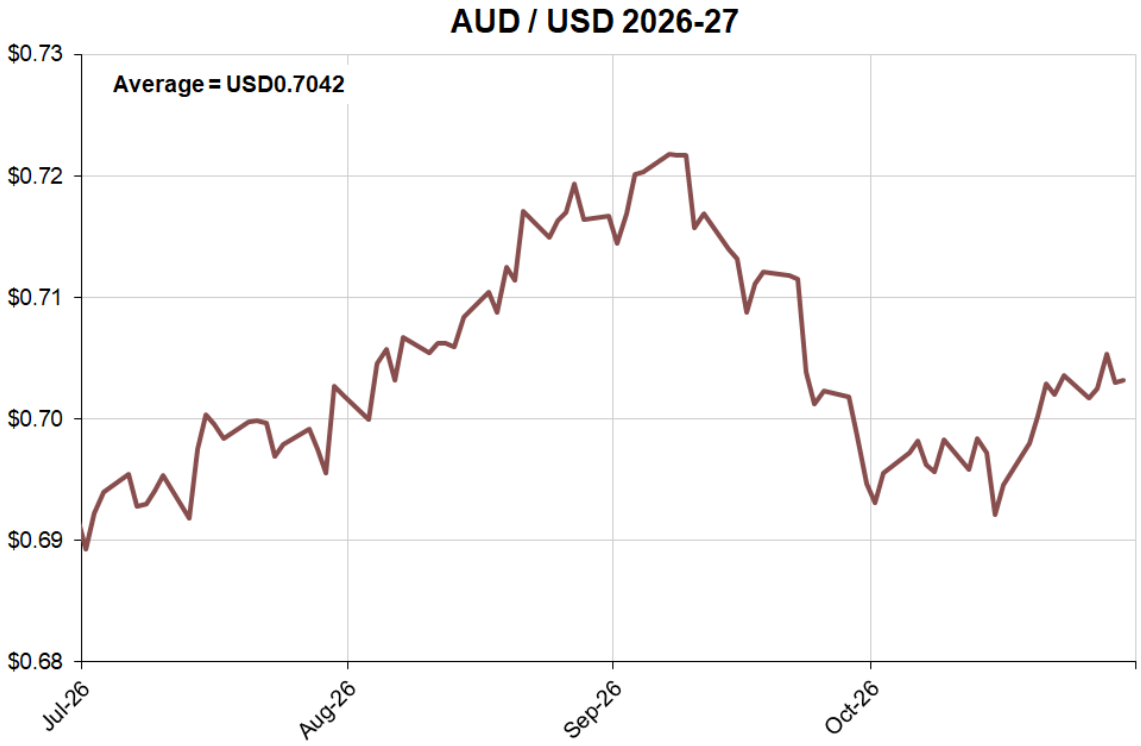
There were broad declines in commodity prices in October. However, crude oil was an exception, with ongoing tensions in the Middle East pushing Brent crude futures to the highest level since April. Singapore gasoil prices eased despite the rise in crude oil prices but remained well above levels prevailing before hostilities began in late February.

Gold fell to its lowest level in over a year despite lower US Treasury yields and heightened geopolitical tensions.

Iron ore futures fell to a two-year low in October amid persistent concerns about Chinese steel demand and increased supply, before recovering slightly late in the month. Base metals recorded their first monthly decline since June in Australian dollar terms. Copper prices declined after reaching a record high in September. Nickel prices slipped to its lowest level of 2026 amid oversupply concerns, while aluminium prices fell to an 11-month low, before stabilising.

| Commodity AUD | 30-Oct-26 | MoM (%) | YoY (%) |
|---|---|---|---|
| CRB Index | 584.8 | -0.9% | 26.4% |
| RBA Commodity Price Index | 106.6 | -0.3% | 4.6% |
| Brent Crude | $167.34 | 12.4% | 72.6% |
| Singapore Gasoil 10 ppm | $246.01 | -3.3% | 75.5% |
| Gold | $5,510.74 | -8.0% | -9.9% |
| Singapore Iron Ore Futures (61% Fe) | $129.09 | -3.8% | -21.0% |
| Nickel | $21,722.62 | -5.2% | -6.7% |
| Copper | $20,134.42 | -2.9% | 20.9% |
| Aluminium | $4,365.58 | -4.3% | -1.0% |




**02 November 2026**