

Interest Rates			FX			Commodities		
Australia		Δ bp	AUD/USD	0.6986	0.5%	WTI Crude Oil	94.85	\$1.74
90-day Bill	4.77	0	AUD/JPY	110.63	0.4%	Brent Crude Oil	106.47	\$0.59
3-year Bond	4.91	2	AUD/EUR	0.6237	0.1%	Mogas95*	131.05	-\$0.60
10-year Bond	5.32	1	AUD/GBP	0.5269	0.1%	CRB Index	418.14	1.04
			AUD/NZD	1.2439	-0.1%	Gold	4160.07	-\$6.71
			AUD/CNY	4.6750	0.4%	Silver	59.10	-\$1.08
US			EUR/USD	1.1202	0.4%	Iron Ore (61% Fe)**	90.80	-\$0.10
2-year	4.79	0	USD/JPY	158.36	-0.1%	Iron Ore (26-27 Average)	96.39	-\$0.08
10-year	5.22	-1	USD/CNY	6.6924	0.0%	Copper	14578.00	-\$40.50
			RBA Policy			Equities		
			O/N Cash Rate Target		4.60	ASX200	8715	-47
Other 10-year			Interbank O/N Cash Rate		4.60	Dow Jones	51670	-180
Japan	3.02	-1	Probability of a 25bps Hike in Nov		28.9%	S&P500	7805	-2
Germany	3.47	-1	RBA Bond Holdings (30 Sep)		A\$214.7b	Stoxx600	635	-1
UK	5.45	1				CSI300	4276	-12

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

**Iron ore is the second SGX futures contract.

US equities were mixed overnight, with the S&P 500 closing virtually unchanged for a second consecutive session. The market recovered most of its early losses after FOMC vice-chair John Williamson said another interest rate increase may be appropriate in 2026, but he does not necessarily expect hikes in 2027. While his comments appeared to support equities they had little effect on Treasuries, with the two-year yield unchanged. Futures markets continue to price in a further 75bps of hikes by mid-2027. Oil prices remain supported by ongoing violence in the Middle East. The US dollar index eased as the euro rebounded from a 17-month low.

European equities closed slightly lower overnight, while falling technology shares weighed on benchmark indexes in Japan, Taiwan and South Korea. Mainland China's CSI 300 declined for the third time in four sessions.

At home, the ASX 200 fell after the release of the RBA minutes, which highlighted the risk of another cash rate increase, before recovering to close virtually unchanged. However, the market opened lower this morning. The three-year Australian Government bond yield rose as traders increased their expectations of a further RBA cash rate hike, while the Australian dollar strengthened.

The minutes from the RBA Monetary Policy Board's September meeting were hawkish, as expected after the Board voted 9-0 to raise the cash rate target to a fresh 15-year high of 4.60%. The minutes emphasised the Board's commitment to returning inflation to target in a timely manner. They noted that upside inflation risks mean achieving that goal may require slower growth in demand and employment than would otherwise be the case. The minutes went on to say that the Board's goal is to return inflation to target in the medium term, even if some of the factors driving inflation are beyond the reach of monetary policy. A further cash rate increase in early November is a real possibility, with this week's labour force data likely to be a major input into the decision.

The NAB business survey depicted an economy with subdued growth, weakening business confidence and persistently high inflation. Profitability remains under pressure as input costs rise faster than selling prices, while business cash flows continue to deteriorate. The employment index fell 3pts to -1, its lowest level since late 2020. Capacity utilisation remained above average despite soft overall conditions. Business conditions were strongest in Western Australia, although confidence was weak across all mainland states.

In its World Economic Outlook, the IMF upgraded its 2026 global growth forecast by 0.1ppts to 3.1%, reflecting the economy's resilience to the energy supply shock caused by the outbreak of war in the Middle East. The AI investment boom has provided an important offset to demand, although the report also noted that it is adding to global inflation pressures. The 2027 growth forecast was unchanged at 3.4%.

Economic Data Review

- **AU:** NAB Business Conditions Index (Sep) – Actual -1, Previous -1.
- **AU:** NAB Business Confidence Index ((Sep) – Actual -13, Previous -9 (revised).

Economic Data Preview

- **US:** CPI (MoM, Sep) – Expected 0.6%, Previous 0.4%.