

Interest Rates (%)			FX			Commodities US\$				
Australia	Δ bp		AUD/USD	0.7017	-0.2%	WTI Crude Oil	99.26	\$1.22		
		90-day Bill	4.82	-2	AUD/JPY	109.59	-1.5%	Brent Crude Oil	113.04	\$3.04
		3-year Bond	4.82	-11	AUD/EUR	0.6251	-0.1%	Mogas95*	126.73	\$2.40
		10-year Bond	5.15	-12	AUD/GBP	0.5235	-0.3%	CRB Index	414.98	-0.21
				AUD/NZD	1.2337	0.1%	Gold	4019.11	-\$96.97	
				AUD/CNY	4.6824	-0.1%	Silver	54.41	-\$3.02	
US			EUR/USD	1.1224	-0.1%	Iron Ore (61% Fe)**	90.00	-\$0.60		
		2-year	4.64	-16	USD/JPY	156.19	-1.3%	Iron Ore (26-27 Average)	95.98	\$0.08
		10-year	4.95	-16	USD/CNY	6.6748	0.0%	Copper	14078.00	-\$278.00
		RBA Policy			Equities					
Other 10-year			O/N Cash Rate Target	4.60		ASX200	8772	-11		
			Interbank O/N Cash Rate	4.60		Dow Jones	52868	12		
			Probability of a 25bps Hike in Nov	55.6%		S&P500	7663	-94		
			RBA Bond Holdings (30 Sep)	A\$214.7b		Stoxx600	638	-7		
						CSI300	4036	-76		

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

**Iron ore is the second SGX futures contract.

US equities reversed course overnight, with the S&P 500 falling 1.2% in its worst session since July. Technology shares led the sell-off amid concerns about elevated capital spending on AI infrastructure following Meta's Q3 2026 earnings report. Firms most exposed to AI spending recorded particularly sharp declines, with the Nasdaq 100 falling 2.9% and the Philadelphia semiconductor index slumping 6.7%. Concerns about overinvestment in the technology sector drove investors into government bonds, pushing US Treasury yields sharply lower. The US dollar index stabilised at three-week lows.

Higher oil prices helped push European equities lower, with the Stoxx 600 declining for the third time in four days. Bond yields fell across most of Europe, with France a notable exception. The French 10-year government bond yield climbed further above 5% amid mounting concerns about the government's finances.

Most Asia-Pacific equity markets recorded heavy declines, led by technology shares. China's benchmark CSI 300 fell 1.8%, taking its losses since mid-June to 20%.

At home, the ASX 200 fell 0.4% yesterday, with most of the losses coming early, led by energy, mining and consumer discretionary shares. The market opened lower again this morning, with mining and energy the worst performers. Australian Government bond yields also opened lower after remaining relatively steady yesterday. The market-implied probability of an RBA cash rate increase in November declined but remains above 50%. The Australian dollar slipped against the major currencies, falling most against the Japanese yen, which strengthened on safe-haven flows.

In commodity markets, oil prices continued to rise amid further attacks in the Middle East, with Brent crude futures approaching the highs reached early in the conflict. Nickel prices eased after four consecutive days of gains, while copper fell to its lowest level in over a month. Iron ore futures remained near two-year lows. Gold fell despite the broader flight to safety.

Australia's flash S&P Global composite PMI fell 3.6pts to 47.7 in October, returning to contraction territory (below 50) for the first time in five months and reaching its lowest level since March. The services index dropped 4.1pts to 47.8, while the manufacturing PMI was relatively steady at 49.7, also indicating contraction. Services employment rose as firms worked through order backlogs. Input costs increased at their fastest pace since May, with cost pressures most acute in manufacturing. Firms cited energy, shipping, raw materials and wages as the most common sources of higher costs. Selling prices also rose at a faster pace.

Economic Data Review

- **AU:** S&P Global Composite PMI (Oct, Flash) – Actual 47.7, Previous 51.3.
- **NZ:** CPI (QoQ, Q3) – Actual 0.7%, Expected 0.8%, Previous 1.5%.
- **JP:** CPI (YoY, Sep) – Actual 2.1%, Expected 2.1%, Previous 1.9%.

Economic Data Preview

- **JP:** S&P Global Composite PMI (Oct, Flash) – Previous 52.3.
- **EZ:** S&P Global Composite PMI (Oct, Flash) – Expected 52.7, Previous 53.1.
- **US:** S&P Global Composite PMI (Oct, Flash) – Expected 57.4, Previous 58.4.