3 November 2026

MORNING REPORT

Today's economic developments and market movements.

Key themes

Oil prices fell sharply as renewed hopes for US-Iran diplomacy saw some geopolitical risk premium unwind, with Brent down 7.4% to US$105/bbl.

US equities were mixed as an early lift from lower oil prices faded, with renewed weakness in chipmakers weighing on the S&P 500 and Nasdaq.

Global bond yields moved lower as falling oil prices eased inflation concerns, with the US 10-year yield down 4bps to 4.89% and European yields also declining.

Asian equities were mixed, with a rebound in chipmakers lifting the Kospi 2.2%, while the ASX 200 fell 0.6% following Friday's tech-led weakness on Wall Street.

The RBA takes centre stage today, with a 25bp hike to 4.85% widely expected. Today's decision will be accompanied by updated economic forecasts, alongside the usual post-meeting communications.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	65.1	-0.2%
AUD/USD	0.7001	-0.4%
AUD/JPY	110.53	-0.2%
AUD/GBP	0.5220	-0.6%
AUD/NZD	1.2452	-0.3%
AUD/EUR	0.6254	-0.8%
AUD/CNH	4.6535	-0.5%
AUD/SGD	0.8954	-0.4%
AUD/HKD	5.4931	-0.4%
AUD/CAD	0.9791	-0.3%
EUR/USD	1.1195	0.3%
USD/JPY	157.90	0.2%
USD Index	101.72	-0.2%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	4.79	0.01
90 day BBSY	4.96	0.01
180 day BBSY	5.30	0.00
1 year swap	4.97	0.00
2 year swap	4.88	0.00
3 year swap	4.82	-0.01
4 year swap	4.82	-0.02
5 year swap	4.84	-0.03
6 year swap	4.88	-0.03
7 year swap	4.92	-0.03
8 year swap	4.97	-0.03
9 year swap	5.01	-0.03
10 year swap	5.05	-0.04

Equities	Close	Change
S&P/ASX 200	8,856	-0.6%
S&P 500	7,565	-0.2%
Japan Nikkei	63,082	-0.3%
Hang Seng	23,393	0.4%
Euro Stoxx 50	6,176	0.7%
UK FTSE100	10,761	0.3%
VIX Index	21.11	8.7%

Government Bond Yields	Close	Change
Australia		
3 year bond	4.83	0.02
10 year bond	5.13	0.02
United States		
3-month T Bill	3.98	0.00
2 year bond	4.58	-0.01
10 year bond	4.89	-0.04
Other (10 year yields)		
Germany	3.29	-0.03
Japan	2.78	0.00
UK	5.19	-0.09

Commodities	Current	Change
CRB Index	411.10	-0.1%
Gold	3944.16	1.8%
Copper	14345	1.3%
Oil (WTI futures)	96.77	-7.1%
Coal (coking)	260.50	-1.3%
Coal (thermal)	151.35	-2.3%
Iron Ore	91.20	0.5%
ACCU	36.13	-4.3%

Sydney Futures Exchange	Current	Change
10 yr bond	5.11	-0.03
3 yr bond	4.81	-0.02
3 mth bill rate	4.77	0.00
SPI 200	8,918	0.6%

Data as at 7:00am AEDT. Change is from the previous trading day (excluding the SFE, which is the change during the night session). Source: Bloomberg.

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Financial Markets

Oil prices eased overnight as both the US and Iran signalled a willingness to negotiate. Iran's Supreme Leader has reportedly approved a government request to hold talks with the US, adding to hopes of a diplomatic path forward. This follows reports over the weekend that President Trump was prepared to give diplomacy more time before considering renewed strikes, helping to lift broader risk sentiment. Focus now shifts to the US midterm elections, with voting beginning AEDT tonight. Polls suggest Democrats are on track to take the House, while control of the Senate remains in the balance. Domestically, the RBA takes centre stage, with the Monetary Policy Board widely expected to lift the cash rate to 4.85%. Today's decision will also be accompanied by updated economic forecasts, which, alongside the usual post-meeting communications, will be closely watched for guidance on the policy outlook.

- The drop in oil prices provided an initial boost to US equities, before renewed weakness in chipmakers weighed on the broader market. The S&P 500 slipped 0.2%, while the Nasdaq fell for a third consecutive session, down 0.4%, ahead of Apple's results shortly after the close. The Dow Jones outperformed, gaining 0.7%. European equities fared better, with the Euro Stoxx 50 gaining 0.7% and the FTSE 100 up 0.3%.
- Asian equities were mixed after a soft start to the session. The Kospi gained 2.2% as chipmakers rebounded, while the Nikkei 225 fell 0.3%. China's CSI 300 rose 0.8% following weekend reports that financial regulators are considering measures to support the capital market, while the Hang Seng gained 0.4%. The ASX 200 underperformed, falling 0.6%, partly reflecting the tech-led sell-off on Wall Street on Friday.
- Falling oil prices eased concerns about inflation pressures, pulling US Treasury yields lower. The 2-year yield slipped 1bp, while the 10-year fell 4bps to 4.89%. Futures markets are pricing around a 75% chance of a December rate hike, with two hikes fully priced by mid-2027. European bond yields also declined, with the 10-year Bund down 3bps and the 10-year gilt yield falling 9bps.
- Australian bond yields edged higher on Monday as the RBA began its two-day policy meeting, with both the 3-year and 10-year yields rising 2bps. The RBA will announce its policy decision at 2:30pm AEDT today, with markets and economists widely expecting the cash rate to be raised to 4.85%. Swap markets imply an 83% chance of a hike today, with a full hike priced by year-end and the implied cash rate reaching 4.86%.
- The US dollar index slipped 0.2%. The AUD fell 0.4% against the greenback to 0.7001, while the yen was also 0.2% lower. European currencies fared better, with the euro gaining 0.3% and sterling up 0.2%.
- Oil prices fell sharply as markets unwound some geopolitical risk premium amid renewed hopes for US-Iran diplomacy. Brent futures dropped 7.4% to US$105/bbl, while WTI declined 7.1% to US$96.8/bbl. Gold rebounded 1.8%, while other commodities were also firmer, with iron ore, aluminium and copper gaining 1.3%, 0.8% and 0.5%, respectively.

Today's key data and events

Time	Event	Exp	Prev
8:45	NZ Building Permits Sep	-	5.6%
14:30	AU RBA Policy Decision	4.85%	4.60%
14:30	AU RBA Statement On Monetary Policy	-	-
2:00	US Jolts Job Openings Sep	7155k	7079k
2:00	US Factory Orders Sep	1.2%	0.1%
2:00	US Durable Goods Orders Sep Final	1.8%	1.8%

Times are AEDT. All data forecasts are m/m or q/q and seasonally adjusted unless otherwise specified. Forecasts for Australian data are our forecasts and for other countries they are consensus forecasts.

International Data

The **US ISM index** rose from 54.5 to 55.5 in October. New orders edged up 0.2pts to 55.5, while the employment index softened 0.3pts to 52.4. Prices paid also moderated, the index falling 2.7pts in the month to 75.2.

The **S&P Global manufacturing index for the US** was revised down from 56.0 to 54.9 in the final estimate for October, remaining broadly consistent with the ISM survey.

US construction spending fell 1.9% in September, reversing August's upwardly revised 2.0% gain.

Domestic Data

In Australia, total **dwelling approvals** rose 5.1%mth in September, although the annual pace moved into contraction at –0.8%yr with the detail suggesting the underlying cycle is starting to turn down. The increase was driven by another volatile rise in private unit approvals which more than offset a significant decline in private houses (see here). Meanwhile, the **Cotality home value index** fell 1.2%mth on October which saw the annual growth rate tick to –2.8%yr with prices down 6.7% from their peak in March (see here).

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