4 November 2026

MORNING REPORT

Today's economic developments and market movements.

Key themes

Oil prices were volatile as shifting headlines around US-Iran negotiations drove sentiment, with Brent ultimately reversing an earlier rise as hopes for talks improved.

US tech stocks snapped a three-day losing streak. Attention now turns to the US midterms, with voting underway and polls beginning to close from mid-morning.

US Treasury yields moved higher following solid job openings data, reinforcing signs of a firm labour market and keeping a December Fed hike firmly in play.

The RBA lifted the cash rate to 4.85% in a split 6–3 decision, but the split vote and dovish comments from Governor Bullock saw markets pare back expectations for further near-term tightening.

Australian yields and the AUD fell following the RBA decision, with the 3-year yield down 7bps and the AUD losing 0.5% against the greenback.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	64.7	-0.6%
AUD/USD	0.6964	-0.5%
AUD/JPY	110.53	0.0%
AUD/GBP	0.5191	-0.6%
AUD/NZD	1.2414	-0.4%
AUD/EUR	0.6223	-0.5%
AUD/CNH	4.6456	-0.1%
AUD/SGD	0.8925	-0.3%
AUD/HKD	5.4649	-0.5%
AUD/CAD	0.9752	-0.4%
EUR/USD	1.1191	0.0%
USD/JPY	158.71	0.5%
USD Index	101.86	0.1%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	4.80	0.01
90 day BBSY	4.96	0.01
180 day BBSY	5.31	0.01
1 year swap	4.97	-0.02
2 year swap	4.85	-0.05
3 year swap	4.80	-0.07
4 year swap	4.80	-0.06
5 year swap	4.83	-0.05
6 year swap	4.87	-0.04
7 year swap	4.92	-0.03
8 year swap	4.97	-0.03
9 year swap	5.01	-0.02
10 year swap	5.06	-0.02

Equities	Close	Change
S&P/ASX 200	8,887	0.3%
S&P 500	7,573	0.4%
Japan Nikkei	63,082	-0.3%
Hang Seng	23,526	0.6%
Euro Stoxx 50	6,145	-0.5%
UK FTSE100	10,638	-1.1%
VIX Index	20.74	-1.9%

Government Bond Yields	Close	Change
Australia		
3 year bond	4.76	-0.07
10 year bond	5.09	-0.05
United States		
3-month T Bill	4.02	-0.01
2 year bond	4.61	0.01
10 year bond	4.94	0.03
Other (10 year yields)		
Germany	3.33	0.04
Japan	2.78	0.00
UK	5.26	0.07

Commodities	Current	Change
CRB Index	401.05	-2.4%
Gold	3921.20	-0.6%
Copper	14036	-2.2%
Oil (WTI futures)	96.28	-0.2%
Coal (coking)	258.00	-1.0%
Coal (thermal)	147.50	-2.5%
Iron Ore	91.20	-0.6%
ACCU	36.13	-4.3%

Sydney Futures Exchange	Current	Change
10 yr bond	5.11	0.01
3 yr bond	4.75	0.00
3 mth bill rate	4.77	0.00
SPI 200	8,864	-0.4%

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 initially rebounded as doubts over a US-Iran peace deal and reports of US strikes on some Iranian targets weighed on risk sentiment, before reversing following reports that the two countries are reviewing proposals from mediators, with Iran's Supreme Leader also giving "additional authority" to negotiate previously "non-negotiable" issues. Meanwhile, polls opened for the US midterm elections, adding another source of risk for investors already navigating geopolitical crosswinds at a time when AI jitters are also high. Domestically, the RBA lifted the cash rate to 4.85% in a split 6–3 decision, with the dissenting members placing greater weight on downside risks. The split vote, alongside dovish comments from Governor Bullock in the post-meeting press conference, saw markets pare back expectations for another near-term rate hike.

- Tech stocks snapped a three-day losing streak, with the Nasdaq rising 0.7% and the S&P 500 up 0.4%. The Dow Jones fell 0.5%, with little to offset Apple's losses. European markets underperformed, reacting to adverse developments in US-Iran negotiations. The Euro Stoxx 50 closed 0.5% lower while the FTSE 100 lost 1.1%.
- Asian equities were mixed. Following the tech-led sell-off in the US the prior session, the Kospi fell 3.6%, its largest drop in two weeks. The CSI 300 slipped 0.2% amid scepticism over the latest market support measures from Chinese authorities, while the Hang Seng gained 0.6%. The ASX 200 rose 0.3% following a dovish RBA. Japanese markets were closed.
- US Treasuries fell following solid job openings data, with the strength of the report suggesting the labour market remains on a firm footing and keeping the possibility of a December Fed hike alive. The 2-year and 10-year yields rose 1bp and 3bps, respectively, reversing earlier declines driven by lower oil prices. Futures markets are pricing an 80% chance of a hike at the next meeting. Meanwhile, the 10-year bund yield rose 4bps, with the 10-year gilt yield up 7bps ahead of tomorrow's BoE decision.
- Australian bond yields retreated. In the post-meeting media conference, the Governor commented that, after five rate hikes, it was probably a good time to "take stock". Governor Bullock also highlighted the lagged effects of recent tightening, noting that "the last couple haven't even started to flow through yet." Together with the split vote, the comments prompted markets to pare back expectations for further rate increases. The 3-year and 10-year yields fell 7bps and 5bps, respectively, while swap markets now price just a 6% chance of a hike in December and around a 30% chance of one next year.
- The US dollar index rose 0.1%. The AUD fell 0.5% against the greenback to 0.6964, with the RBA's split vote weighing on the currency. The yen was also 0.5% lower, while the euro was flat and the pound gained 0.1%.
- Oil markets were volatile overnight. Brent initially rose to US$107.2/bbl before easing to US$103.8/bbl as headlines around US-Iran developments shifted through the session. WTI fell 0.2% to US$96.3/bbl. Gold continued to move against crude, falling 0.6%, while AI jitters pushed copper down 2.2% to a seven-week low. Iron ore fell 0.6% as rising supply from Guinea's Simandou project coincided with calls for Chinese steel mills to curb production.

Today's key data and events

Time	Event	Exp	Prev
8:45	NZ Employment Q3	0.4%	0.5%
8:45	NZ Unemployment Rate Q3	5.5%	5.6%
8:45	NZ Labour Cost Index Q3	0.5%	0.7%
11:00	NZ ANZ Commodity Prices Oct	-	0.6%
11:30	AU Household Spending Indicator Sep	0.2%	0.0%
12:45	CN RatingDog Composite PMI Oct	-	52.4pts
12:45	CN RatingDog Services PMI Oct	51.6pts	51.6pts
20:00	EZ S&P Global Services PMI Oct Final	51.7pts	51.7pts
20:30	GB S&P Services PMI Oct Final	53.1pts	53.1pts
21:00	EZ HICP Oct Prel.	4.0%	3.8%
0:15	US ADP Employment Change Oct	67k	90k
0:30	US Trade Balance Sep	-US$107.9b	-US$105.6b
1:45	US S&P Services PMI Oct Final	57.9pts	57.9pts
2:00	US ISM Services Oct	54.8pts	54.9pts

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

US job openings lifted in September from 7.2mn to 7.5mn, seeing the job opening rate rise from 4.3% to 4.5%. The quit rate also edged up from 1.9% to 2.1% in the month, while the layoff rate edged down from an upwardly revised 1.1% back to 1.0%. Job openings and the quit rate have both trended off their cycle lows over the past 6–12 months, but both series remain well below the average of the past five years. Layoffs remain stable.

US durable goods orders rose 1.9% in September, according to the final estimate for the month. Core goods order growth was little changed versus the flash estimate at 0.6%. Factory orders came in modestly above expectations in September at 1.8% and 1.3% respectively on a headline and ex-transport basis.

Domestic Data

For the full analysis of the **RBA decision**, see here.

The **Q3 Consumer Panel** shows household spending remains resilient despite renewed pressure from fuel costs. Spending rose 1.5%qtr, with discretionary categories contributing 0.9ppts to growth compared with 0.3ppts from fuel (see here).

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