16 November 2026

MORNING REPORT

Today's economic developments and market movements.

Key themes

Risk sentiment softened on Friday as renewed tech selling weighed on equities, although a softer-than-expected US producer price report tempered expectations for aggressive Fed tightening. Despite Friday's weakness, the S&P 500 and Nasdaq still gained over the week.

Global bond markets were mixed. US 2-year Treasury yields fell 4bps following the softer prices print, while longer-term yields generally moved higher across Europe and Japan.

Australian yields pushed higher and the Australian dollar weakened. The 3-year and 10-year government bond yields rose 7bps and 8bps respectively, while the Australian dollar fell 0.5% to US$0.6772. Attention now turns to this week's labour force survey and its implications for RBA pricing.

Commodity markets were generally weaker, with oil, copper, coking coal and iron ore all declining. Oil ended the week almost 3.0% lower.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	63.3	-0.5%
AUD/USD	0.6772	-0.5%
AUD/JPY	108.15	-0.6%
AUD/GBP	0.5125	-0.4%
AUD/NZD	1.2259	-0.1%
AUD/EUR	0.6144	-0.2%
AUD/CNH	4.5206	-0.5%
AUD/SGD	0.8722	-0.4%
AUD/HKD	5.3138	-0.5%
AUD/CAD	0.9664	-0.4%
EUR/USD	1.1023	-0.3%
USD/JPY	159.71	-0.1%
USD Index	103.41	0.2%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	4.86	-0.01
90 day BBSY	4.99	0.00
180 day BBSY	5.34	0.00
1 year swap	4.95	0.00
2 year swap	4.84	0.00
3 year swap	4.79	0.01
4 year swap	4.78	0.01
5 year swap	4.81	0.01
6 year swap	4.85	0.02
7 year swap	4.90	0.02
8 year swap	4.94	0.02
9 year swap	4.99	0.02
10 year swap	5.03	0.02

Equities	Close	Change
S&P/ASX 200	9,082	-0.7%
S&P 500	7,562	-0.4%
Japan Nikkei	61,142	0.5%
Hang Seng	23,638	-1.5%
Euro Stoxx 50	6,387	-0.2%
UK FTSE100	10,903	0.4%
VIX Index	19.3	3.2%

Government Bond Yields	Close	Change
Australia		
3 year bond	4.79	0.07
10 year bond	5.12	0.08
United States		
3-month T Bill	4.12	-0.01
2 year bond	4.84	-0.04
10 year bond	5.14	0.01
Other (10 year yields)		
Germany	3.38	0.03
Japan	2.87	0.06
UK	5.34	0.04

Commodities	Current	Change
CRB Index	386.51	-0.5%
Gold	3884.49	0.2%
Copper	13399	-1.4%
Oil (WTI futures)	88.56	-0.2%
Coal (coking)	252.00	-0.4%
Coal (thermal)	145.75	0.3%
Iron Ore	90.00	-0.5%
ACCU	36.13	-4.3%

Sydney Futures Exchange	Current	Change
10 yr bond	5.15	0.02
3 yr bond	4.79	0.01
3 mth bill rate	4.98	0.01
SPI 200	9,114	0.0%

Data as at 7:00am AEST. 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

- Risk sentiment softened into the end of the week as renewed selling in tech stocks weighed on equities. The moves followed last week's turmoil at Nvidia, although a softer-than-expected US producer price report provided some offset by tempering expectations for aggressive Fed rate hikes.
- Key US equity indices finished Friday mostly lower, led by the tech sector. The S&P 500 declined 0.4% to 7,562 but finished the week 2.5% higher. The tech-heavy Nasdaq underperformed, falling 0.9% on the day, although it ended the week 3.5% higher. The Dow Jones Industrial Average gained 0.1% and finished the week around 2.0% higher.
- European equities were mixed on Friday but ended the week firmly in the green, underpinned by lower oil prices earlier in the week and solid earnings from heavyweights. The Euro Stoxx 50 fell 0.2% on Friday but ended the week 3.5% higher, while Germany's DAX was unchanged on the day but 3.6% higher over the week. The FTSE 100 rose 0.4% on the day and finished the week 2.1% higher. Asian markets were mixed, with the Nikkei rising 0.5% and the Hang Seng losing 1.6%. Locally, the S&P/ASX 200 fell 0.7% to 9,082. Equity futures point to a broadly flat open, with the SPI 200 unchanged at 9,114.
- Outside the US, bond yields generally moved higher. In the US, bonds rallied on the back of the softer-than-expected producer price index and some dovish Fed speak. The yield on the policy-sensitive two-year US Treasury fell 4bps to 4.84%, while the 10-year Treasury yield increased 1bp to 5.14%. Traders are now pricing around 25bps of rate hikes by the end of 2026 and almost 60bps by the end of 2027. Germany's 10-year Bund yield rose 3bps to 3.38%, UK 10-year gilt yields increased 4bps to 5.34%, and Japanese 10-year government bond yields rose 6bps to 2.87%.
- Australian bond yields moved higher. The 3-year government bond yield rose 7bps to 4.79%, while the 10-year yield increased 8bps to 5.12%. In futures trading, the 3-year government futures yield rose a further 1bp to 4.79%, while the 10-year futures yield increased 2bps to 5.15%. OIS markets expect the RBA Board to remain on hold through much of 2027. Traders are pricing almost no chance of a December hike and around 7bps of tightening at the February 2027 meeting, before pricing shifts towards the possibility of rate cuts later in 2027. The labour force survey later this week will be closely watched and is likely to influence market pricing.

Today's key data and events

Time	Event	Exp	Prev
8:30	NZ BusinessNZ PSI Oct	-	50.9pts
10:50	JP GDP Q3 Prel.	0.1%	0.4%
11:01	GB Rightmove House Prices Nov	-	1.0%
13:00	CN Retail Sales YoY YTD Oct	-	1.1%
13:00	CN Industrial Production YoY YTD Oct	-	5.3%
13:00	CN Fixed Asset Investment YoY YTD Oct	-7.0%	-7.2%
15:30	JP Industrial Production Sep Final	-	2.2%
21:00	EZ Industrial Production Sep	-	-0.5%

Times are AEST. 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.

- In foreign exchange markets, the US dollar strengthened modestly, with the DXY rising 0.2% to 103.41. The Australian dollar fell 0.5% against the US dollar to US$0.6772, while the trade-weighted index declined 0.5% to 63.3. Against the major crosses, the Australian dollar fell 0.6% against the yen, 0.4% against sterling, 0.1% against the New Zealand dollar, 0.2% against the euro, and 0.4% against both the Canadian and Singapore dollars.
- Commodity markets were generally weaker. The CRB Index fell 0.5%, while WTI crude oil declined 0.2% to US$88.56 a barrel. Gold edged 0.2% higher to US$3,884.49/oz, while copper fell 1.4%. Coking coal declined 0.4% to US$252.00/t and iron ore fell 0.5% to US$90.00/t. Thermal coal bucked the broader trend, rising 0.3% to US$145.75/t, while ACCU prices fell 4.3% to $36.13.

International Data

US PPI slowed in October from 1.4% to 0.3%. Excluding food and energy, momentum softened from 0.8% to 0.3%.

New York and Chicago Fed Presidents **Williams and Goolsbee** kept the focus on inflation pressures and upside price risks on Friday, and remained of the view that further tightening is necessary. As for other recent Fed speakers, the labour market is not currently a concern.

Euro Area GDP's second estimate for Q3 met expectations, unrevised from the flash estimate at 0.4%, 1.3%yr.

The **Euro Area trade deficit** widened at the margin in September from a revised EUR7.8bn to EUR8.7bn.

Local Data

Westpac Economics released its **November Market Outlook**, with updated domestic and global forecasts (see here).

We reaffirm our view that the RBA's tightening cycle is over, with our Chief Economist highlighting greater conviction in the call (see here).

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