18 November 2026

MORNING REPORT

Today's economic developments and market movements.

Key themes

Risk sentiment remained firmly on the defensive overnight, with the tech-led sell-off extending across global markets. Attention now turns to Nvidia's results, due shortly after we go to press, for the next steer on sentiment.

Oil prices edged higher amid another flare-up in Middle East tensions, including attacks around the Strait of Hormuz and fresh US strikes on Iran.

In the RBA minutes, members who dissented to the November rate hike warned the economy could be nearing a "materially sharper downturn", with potentially significant costs for unemployment. Markets continue to see the RBA largely on hold.

Fed rhetoric remained hawkish, with Musalem calling for "several" rate increases before spring 2027 amid persistent inflation risks. A December hike remains fully priced, with markets also leaning towards a follow-up move in January.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	62.8	-0.2%
AUD/USD	0.6731	-0.1%
AUD/JPY	107.25	-0.2%
AUD/GBP	0.5095	-0.3%
AUD/NZD	1.2251	0.0%
AUD/EUR	0.6116	-0.2%
AUD/CNH	4.4873	-0.1%
AUD/SGD	0.8671	-0.1%
AUD/HKD	5.2814	-0.1%
AUD/CAD	0.9619	-0.1%
EUR/USD	1.1005	0.1%
USD/JPY	159.34	-0.1%
USD Index	103.49	-0.1%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	4.86	0.00
90 day BBSY	4.99	0.00
180 day BBSY	5.33	0.00
1 year swap	4.95	0.00
2 year swap	4.83	0.00
3 year swap	4.77	-0.01
4 year swap	4.78	0.00
5 year swap	4.81	0.00
6 year swap	4.85	0.00
7 year swap	4.90	0.00
8 year swap	4.95	0.00
9 year swap	5.00	0.00
10 year swap	5.05	0.00

Equities	Close	Change
S&P/ASX 200	8,883	-1.8%
S&P 500	7,302	-1.5%
Japan Nikkei	58,860	-1.3%
Hang Seng	23,508	-1.0%
Euro Stoxx 50	6,212	-2.1%
UK FTSE100	10,690	-1.8%
VIX Index	27.12	18.4%

Government Bond Yields	Close	Change
Australia		
3 year bond	4.79	0.00
10 year bond	5.13	0.00
United States		
3-month T Bill	4.13	-0.01
2 year bond	4.78	-0.05
10 year bond	5.10	-0.03
Other (10 year yields)		
Germany	3.38	-0.01
Japan	2.88	-0.01
UK	5.37	0.00

Commodities	Current	Change
CRB Index	380.39	0.2%
Gold	3848.22	-0.2%
Copper	13226	-0.2%
Oil (WTI futures)	85.40	-0.4%
Coal (coking)	252.50	0.2%
Coal (thermal)	145.95	1.3%
Iron Ore	87.15	-1.1%
ACCU	36.13	-4.3%

Sydney Futures Exchange	Current	Change
10 yr bond	5.11	-0.03
3 yr bond	4.76	-0.02
3 mth bill rate	4.98	0.01
SPI 200	8,859	-0.7%

Data as at 7:15am 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

- It was a sea of red for global share markets. In the US, the tech-driven sell-off continued at pace, unaided by reports of further technical disruptions at the NSA and Apple. The S&P 500 (–1.5%), Dow Jones (–1.9%) and NASDAQ (–1.3%) all moved lower. All eyes will be on Nvidia's earnings report and any related announcements about its CEO succession plan, due shortly after we go to press.
- Stocks were hardly better across the pond, with the Euro Stoxx 50 (–2.1%) and London's FTSE 100 (–1.8%) both posting back-to-back declines. Across Asia, the tech-led sell-off weighed more heavily on Tokyo (–1.3%) and Seoul (–2.6%) though Chinese stocks also moved lower, both the Hang Send (–1.0%) and CSI 300 (–0.1%). The ASX 200 meanwhile dropped 1.8% with broad-based declines; and following the action overnight, futures markets are pointing to another weak open.
- Treasuries benefitted from souring risk sentiment, driving a bull steepening in yields. The 2Y fell 5bps to 4.78%, the 10Y dropped 3bps to 5.10%, while the 30Y inched 1bp lower to 5.58%. This comes as Fedspeakers continued to support the case for rapid imminent tightening, which also appears to be the growing consensus among markets – an FOMC rate hike is still fully priced in for December, and an immediate follow-up in January is still seen as more likely than not. Yields were little changed elsewhere, with the 10Y Bund and JGB both inching 1bp lower, while the 10Y Gilt held steady.
- ACGBs didn't budge during local trading, although both 3Y and 10Y yields inched 2bps lower during futures trading overnight. The RBA minutes revealed that the Board members who dissented to November's rate hike "expressed their concern that the economy might be near the point of entering a materially sharper downturn and pointed to the costs in terms of unemployment" – while not new information, it is consistent with current market pricing, which has no hikes or cuts fully priced in through to late-2027.
- The USD traded in mixed fashion overnight as risk assets struggled, the DXY initially pushing to a fresh cycle high just under 103.8, before easing back to around 103.5, down marginally from yesterday's close. Moves were contained across individual crosses, with the Euro and Yen both up 0.1% versus the greenback, while the Sterling gained 0.2%. The Aussie dollar dipped 0.1% to around USD0.6730, a tentative stabilising following the consistent downtrend since early November.
- Oil prices rose edged slightly higher overnight amid a flare-up in tensions in the Middle East conflict, including attacks on vessels in the Strait of Hormuz, another targeted attack on US military equipment in Bahrain, and the US striking multiple locations on Iran's Qeshm Island in 'self-defense'. Brent is up 0.3% to US$92.7/bbl. Metals continued to trade lower amid weaker risk sentiment, this time with LME copper slipped only slightly (–0.2% to US$13,226/mt) while LME aluminium fell more sharply (–2.3% to US2,934/mt). Gold prices were broadly steady.

Today's key data and events

Time	Event	Exp	Prev
8:45	NZ PPI Q3	-	1.6%
10:30	AU Westpac-MI Leading Index Oct	-	-0.1%
11:30	AU Wage Price Index Q3	1.0%	0.8%
11:30	AU Wage Price Index Q3	3.4%	3.2%
18:00	GB CPI Oct	0.5%	0.4%
0:30	US Housing Starts Oct	2.4%	-5.2%
0:30	US Building Permits Oct Prel.	-1.6%	-0.4%
2:00	US Pending Home Sales Oct	-1.9%	-7.3%

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.

International Data

In the US, **retail sales** beat market expectations in October, the headline measure by just 0.1ppt at 0.2%, but the control group by a more notable 0.3ppts at 0.6%. In part, these gains are the result of inflation, but underlying growth in consumption volumes remain robust. Meanwhile, **industrial production** fell 0.4% in October and **business inventories** rose 0.5% in September, building on August's 0.4% gain. Growth in **import prices** also lifted to 1.1% in October, or 0.8% after excluding petroleum. The **NAHB housing market index** also fell from 29 to 25 in November, the lowest level since 2011, marking incredibly weak homebuilder confidence.

The **FOMC's Musalem** kept the focus on inflation overnight, noting concern over the persistence of price risks and calling for "several" rate increases before spring 2027 to engineer a circa 1ppt increase in the real policy rate, which presumably also includes a deceleration in inflation over the period. Financial conditions were characterised as supportive of activity, and the labour market as balanced and near full employment.

In the Euro Area, the **ZEW survey of investor expectations** rose from 18.5 to 26.5 in November, an above average reading compared to the full history of the survey. The UK's **ILO unemployment rate** also edged down from 4.7% to 4.6% in September as employment grew solidly, 155k over the 3 months to September. Average weekly earnings growth decelerated at the margin, from 3.8%yr to 3.6%yr, around average versus history.

Local Data

In Australia, the November **Westpac Housing Sentiment Index** fell 2.2% to 83.2, consistent with deep pessimism (see here). Our **October CPI preview** has also been published (see here). Our latest deep-dive into **Australian productivity** growth has also been published (see here).

In New Zealand, **October's prices update** was close to expectations, with softness in food prices balanced against gains in the volatile travel categories (see here).

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