19 November 2026

MORNING REPORT

Today's economic developments and market movements.

Key themes

Hawkish FOMC minutes reinforced expectations for further Fed tightening, while Governor Waller separately raised the possibility of a 50bp hike in December. Attention now turns to today's trilateral meeting between the leaders of the US, China and Russia.

Global equities were mixed amid a fragile AI trade, with markets shifting focus to Anthropic's IPO.

US Treasury yields edged lower despite the hawkish FOMC minutes, with markets viewing much of the upcoming Fed tightening as already priced.

The US dollar strengthened following the hawkish FOMC minutes, with most major currencies declining against the greenback.

Oil softened as Iraqi flows restarted through the Kirkuk-Ceyhan pipeline. Further Fed tightening expectations pushed gold below US$3,800/oz, while concerns around the AI trade saw copper fall sharply below US$13,000/t.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	62.6	-0.3%
AUD/USD	0.6711	-0.4%
AUD/JPY	106.94	-0.4%
AUD/GBP	0.5107	0.1%
AUD/NZD	1.2225	-0.3%
AUD/EUR	0.6120	0.0%
AUD/CNH	4.4762	-0.3%
AUD/SGD	0.8657	-0.2%
AUD/HKD	5.2655	-0.4%
AUD/CAD	0.9618	-0.1%
EUR/USD	1.0965	-0.3%
USD/JPY	159.35	0.0%
USD Index	103.88	0.4%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	4.86	0.00
90 day BBSY	5.00	0.01
180 day BBSY	5.34	0.01
1 year swap	4.94	-0.01
2 year swap	4.80	-0.03
3 year swap	4.73	-0.05
4 year swap	4.73	-0.05
5 year swap	4.76	-0.05
6 year swap	4.81	-0.05
7 year swap	4.86	-0.05
8 year swap	4.91	-0.05
9 year swap	4.96	-0.05
10 year swap	5.00	-0.05

Equities	Close	Change
S&P/ASX 200	8,822	-0.7%
S&P 500	7,320	-0.3%
Japan Nikkei	59,024	0.3%
Hang Seng	23,295	-0.9%
Euro Stoxx 50	6,154	-0.9%
UK FTSE100	10,551	-1.3%
VIX Index	24.64	-3.2%

Commodities	Current	Change
CRB Index	380.39	0.2%
Gold	3720.74	-3.3%
Copper	12471	-5.7%
Oil (WTI futures)	83.36	-3.1%
Coal (coking)	252.00	-0.2%
Coal (thermal)	141.90	-2.9%
Iron Ore	88.10	0.7%
ACCU	36.13	-4.3%

Government Bond Yields	Close	Change
Australia		
3 year bond	4.74	-0.06
10 year bond	5.08	-0.05
United States		
3-month T Bill	4.14	0.01
2 year bond	4.80	-0.01
10 year bond	5.06	-0.04
Other (10 year yields)		
Germany	3.37	-0.01
Japan	2.88	0.00
UK	5.29	-0.08

Sydney Futures Exchange	Current	Change
10 yr bond	5.08	0.00
3 yr bond	4.72	-0.01
3 mth bill rate	4.98	0.01
SPI 200	8,786	-0.8%

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

Global risk assets came under pressure on Wednesday as hawkish FOMC minutes reinforced expectations for further rate hikes over coming months, while Governor Waller separately raised the possibility of a 50bp hike in December. Elsewhere, attention now turns to today's high-profile trilateral meeting between the leaders of the US, China and Russia.

- US equities came under pressure as the AI trade remained fragile, with markets now turning to Anthropic's IPO, which is expected to be the largest ever. The S&P 500 fell 0.3%, while the Dow Jones declined a sharper 1.2%. The NASDAQ fared better, up 0.3%. European equities were also weaker, with the Euro Stoxx 50 down 0.9% and the FTSE 100 falling 1.3%.
- Asian equities struggled for direction, although tech-exposed indices ended higher as Nvidia's better-than-expected sales forecast provided some support to the AI trade. The KOSPI rose 2.0%, while the Nikkei 225 edged 0.3% higher. The Hang Seng declined 0.9%. Locally, the ASX 200 fell 0.7%, with most sectors declining.
- US Treasury yields edged lower despite the hawkish FOMC minutes, with softer oil prices providing some support and markets appearing to view much of the upcoming Fed tightening as already priced. The 2-year yield fell 1bp, while the 10-year yield declined a sharper 4bps. Futures markets continue to view a December Fed hike as all but certain, taking the implied year-end fed funds rate to 4.16%, with additional hikes fully priced for March and June 2027.
- Australian government bond yields moved lower, with the 3-year yield down 6bps and the 10-year yield falling 5bps. Swap markets see little prospect of a near-term move in the cash rate, with the implied year-end rate at 4.86%.
- The US dollar strengthened following the hawkish FOMC minutes, with the DXY up 0.4%. The AUD fell 0.4% to 0.6711 against the greenback, while the euro declined 0.3% and sterling lost 0.5%. The yen was broadly unchanged.
- Oil prices declined, with Iraq reportedly restarting flows through the Kirkuk-Ceyhan pipeline after a 12-year pause. Brent fell 1.3% to US$91.9/bbl, while WTI declined 3.1% to US$83.4/bbl. Gold fell 3.3% to below US$3,800/oz for the first time since September 2025, weighed down by expectations for further Fed tightening. Copper fell 5.7% to below US$13,000/t as concerns around the AI trade and weaker Chinese economic data weighed. Aluminium also saw a sharp pullback, declining 3.8%, while iron ore gained 0.7%.

International Data

US housing starts jumped 9.9% in October, reversing September's 7.0% decline.

US building permits declined 7.4% in October after falling 0.4% in September.

Today's key data and events

Time	Event	Exp	Prev
8:45	NZ Trade Balance Oct	-	-NZ1971m
10:50	JP Machinery Orders Sep	1.5%	5.2%
11:30	AU Employment Oct	25k	-39.3k
11:30	AU Unemployment Rate Oct	4.7%	4.7%
0:30	US Phily Fed Manufacturing Nov	20.6pts	20.9pts
0:30	US Initial Jobless Claims 14/11/2026	198k	200k
2:00	US Leading Index Oct	0pts	0pts
3:00	US Kansas City Fed Nov	11pts	11pts

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.

US pending home sales declined 4.7% in October following a 7.2% fall in September, leaving sales 17.1% lower over the year.

FOMC Governor Waller noted in an interview with CNBC that inflation is headed in the "wrong direction", "spreading out" across the CPI basket. He argued that the FOMC need to be "a little more aggressive", again raising the proposition of a 50bp hike in December, according to Bloomberg.

The **October FOMC minutes** highlighted that inflation is being supported by tariffs, energy prices and the AI buildout, with "several judg[ing] that price pressures were increasingly extending beyond industries directly affected by data center construction and a number pointing to "elevated inflation in the category of market-based core nonhousing services". Broadly, participants "assessed that medium- and longer-term inflation expectations continued to be consistent with the Committee's 2 percent objective", though persistent above-target inflation was seen as a threat to the status quo and risks were viewed as skewed to the upside.

On the activity front, the labour market was assessed to be near full employment and stable, while economic growth was characterised as "strong" and broad based.

"With regard to the outlook for monetary policy in the months ahead, almost all participants judged that, under their baseline outlooks for inflation and the labor market, further action to raise the target range for the federal funds rate—broadly consistent with the September Summary of Economic Projections—would likely be appropriate, in order to ensure a timely return of inflation to the 2 percent objective."

The **UK CPI** met expectations in October, rising 0.5%, 3.6%yr. Core inflation was also in line and unchanged from the prior month at 2.8%yr. Services inflation was also on par with September at 3.7%yr.

Local Data

The Q3 **WPI** rose 1.1%qtr, with the minimum wage and award decision lifting wages growth unevenly across pay-setting methods (see here).

The **Westpac–MI Leading Index** declined to -0.14% in October (see here).

Our New Zealand team released its latest **NZ Economic Overview** (see here).

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