20 November 2026

MORNING REPORT

Today's economic developments and market movements.

Key themes

Risk sentiment deteriorated overnight, with early gains quickly unwinding as Anthropic's volatile IPO added to renewed unease around the AI trade, alongside fresh cyber-security concerns.

Australia's labour market weakened further in October, with employment falling 43.5k and unemployment rising to 4.9%, while slower hiring is increasingly being compounded by a lift in retrenchments.

Australian markets repriced sharply following the labour data, with 3yr and 10yr ACGB yields falling 16bps and 12bps respectively, while the AUD dropped 0.8% to around USD0.666.

Oil prices edged higher as US-Iran tensions continued to simmer, though the move was contained by President Trump signalling he was in no rush to make a decision on further action.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	62.2	-0.6%
AUD/USD	0.6663	-0.8%
AUD/JPY	106.38	-0.6%
AUD/GBP	0.5086	-0.4%
AUD/NZD	1.2136	-0.7%
AUD/EUR	0.6071	-0.8%
AUD/CNH	4.4590	-0.4%
AUD/SGD	0.8606	-0.6%
AUD/HKD	5.2248	-0.8%
AUD/CAD	0.9553	-0.7%
EUR/USD	1.0976	0.0%
USD/JPY	159.66	0.2%
USD Index	103.88	0.0%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	4.87	0.01
90 day BBSY	5.00	0.00
180 day BBSY	5.34	0.00
1 year swap	4.84	-0.10
2 year swap	4.65	-0.15
3 year swap	4.58	-0.16
4 year swap	4.59	-0.15
5 year swap	4.62	-0.14
6 year swap	4.67	-0.13
7 year swap	4.73	-0.13
8 year swap	4.79	-0.12
9 year swap	4.84	-0.11
10 year swap	4.89	-0.11

Equities	Close	Change
S&P/ASX 200	8,730	-1.0%
S&P 500	7,185	-1.9%
Japan Nikkei	59,444	0.7%
Hang Seng	22,842	-1.9%
Euro Stoxx 50	6,114	-0.7%
UK FTSE100	10,453	-0.9%
VIX Index	28.25	15.0%

Government Bond Yields	Close	Change
Australia		
3 year bond	4.57	-0.16
10 year bond	4.96	-0.12
United States		
3-month T Bill	4.15	-0.01
2 year bond	4.77	-0.04
10 year bond	5.04	-0.02
Other (10 year yields)		
Germany	3.40	0.04
Japan	2.84	-0.03
UK	5.31	0.03

Commodities	Current	Change
CRB Index	371.57	0.0%
Gold	3669.66	-1.5%
Copper	12526	0.4%
Oil (WTI futures)	83.90	0.8%
Coal (coking)	250.50	-0.6%
Coal (thermal)	145.40	2.5%
Iron Ore	89.30	0.8%
ACCU	36.13	-4.3%

Sydney Futures Exchange	Current	Change
10 yr bond	4.98	0.01
3 yr bond	4.57	0.00
3 mth bill rate	4.93	0.00
SPI 200	8,661	-1.1%

Data as at 7:30am 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

- Momentum in US share markets quickly faded after a strong open, leaving the S&P 500 (–1.9%), Dow Jones (–2.1%) and NASDAQ (–2.2%) all lower. Anthropic's IPO was the focal point for broader sentiment, having rallied to $115 shortly after the open, before retreating sharply back to $96, still above the $83 IPO price. The shakiness around the AI trade was compounded by reports of a cyber-security attack impacting JP Morgan, Visa and Mastercard, adding to the string of recent digital issues among major US corporates.
- Stocks were also weaker across the pond, with the Euro Stoxx 50 (–0.7%) and London's FTSE 100 (–0.9%) both down on the day. Meanwhile, worries around the AI trade continued to weigh heavily on Hong Kong, where stocks posted their third consecutive daily decline (–1.9%). Both Tokyo (+0.7%) and Seoul (+1.4%) managed to hold onto recent momentum though. The ASX 200 dropped 1.0% yesterday, and futures markets are pointing to another weak open.
- Treasuries benefitted from the more volatile risk environment, seeing the 2Y fall 4bps to 4.77% while the 10Y edged 2bps lower to 5.04%. Market pricing for the Fed hasn't shift much so far this week – with hikes fully priced in for Dec-26, Mar-27 and Jul-27, the hawkish outlook for the Fed is setting up the longest run for the 10Y above 5% since 2007. Yields were mixed elsewhere across the globe: 10Y Bunds and Gilts up 4bps and 3bps respectively, while the 10Y JGB fell 3bps.
- Locally, the October Labour Force Survey surprised materially to the downside, with a sharp fall in employment and the unemployment rate rising to 4.9%. That drove a swift repricing for the RBA, with swaps markets now definitively pricing in an RBA rate cut during the second half of 2027, materially more dovish than the 'no hikes, no cuts' pricing prior. ACGBs rallied in response, with the 3Y and 10Y falling 16bps and 12bps to 4.57% and 4.96% respectively, bringing yields to its lowest level since August.
- The USD received a solid bid while share markets were contending with the sudden drop, seeing the DXY retrace a fall earlier in the session to finish broadly steady near its cycle high at 103.9. Moves were fairly modest across most DXY pairs, with declines in the Sterling and Yen the only notable moves. However, the Aussie dollar sold-off much more sharply given the weaker labour market data, seeing it finish 0.8% lower on the day; at around USD0.666, it is at its weakest level so far this year.
- Oil prices rose edged only slightly higher overnight, with Brent up 0.3% to US$92.2/bbl. Skirmishes between the US and Iran have been increasing in recent days, adding to fears of a more prolonged escalatory phase. However, President Trump recently stated that he is "not rushing into any decision on Iran", and that he will see what happens after the beginning of the year. Both copper and aluminium moved higher, up 0.4% and 1.7% respectively, only partly recovering from the sharp sell-off over the past week or so. Gold prices also fell 1.5% to around the US$3,670/oz mark.

Today's key data and events

Time	Event	Exp	Prev
10:30	JP CPI Oct	2.4%	2.1%
11:01	GB GfK Consumer Sentiment Nov	-22pts	-24pts
18:00	GB Public Sector Borrowing Oct	£18b	£24.5b
18:00	GB Retail Sales Oct	0.0%	-0.4%
2:00	EZ Consumer Confidence Nov Prel.	-18pts	-17.9pts
2:00	US Uni. Of Michigan Sentiment Nov Final	51.5pts	51pts

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, **initial jobless claims** were essentially unchanged last week at 203k, consistent with little-to-no active job shedding. The **leading index** edged down from 0.0% in September to –0.3% in October, pointing to a deceleration in activity growth over the coming 6 months. The **Philadelphia Fed business outlook** declined from 20.9 to 6.3 in November, against an expectation for little-to-no change in the month. The **Kansas City Fed manufacturing index** meanwhile rose from 11 to 18. Businesses across the US economy face disparate and volatile conditions at present.

Local Data

In Australia, the **October Labour Force Survey** surprised materially to the downside, with employment declining by 43.5k, the unemployment rate jumped to 4.9%. Slower hiring, alongside signs of a pick-up in firing, suggest there is more weakening in the labour market to come (see here).

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