26 November 2026

MORNING REPORT

Today's economic developments and market movements.

Key themes

Equities remained under pressure as the new US tariffs were formally announced and investors rotated out of tech. The NASDAQ fell 0.8%, with losses also broad-based across Europe and Asia.

Treasuries extended their safe-haven rally, with the 2yr yield down 5bps and 10yr down 8bps. Yields fell across other major markets, while ACGB futures yields declined 3bps despite hotter-than-expected inflation.

US activity data remained resilient, with Q3 GDP revised up and personal incomes beating expectations. However, the Fed's Beige Book painted a softer picture of consumer spending, housing and employment.

Australian inflation was slightly stronger than expected in October, with headline CPI at 4.9%yr and trimmed mean at 3.8%yr, though likely marking the peak. The result had no implications for Westpac's RBA view.

Data snapshot

FX Last 24 hrs	Current	Change
TWI	61.5	-0.5%
AUD/USD	0.6629	-0.2%
AUD/JPY	105.54	-0.2%
AUD/GBP	0.5051	-0.2%
AUD/NZD	1.2076	-0.3%
AUD/EUR	0.6037	-0.3%
AUD/CNH	4.4191	-0.2%
AUD/SGD	0.8550	-0.1%
AUD/HKD	5.1963	-0.2%
AUD/CAD	0.9415	-0.6%
EUR/USD	1.0979	0.1%
USD/JPY	159.22	0.0%
USD Index	103.68	-0.1%

AUS Interest Rate Swaps	Last	Change
30 day BBSY	4.86	0.01
90 day BBSY	4.97	-0.01
180 day BBSY	5.25	0.00
1 year swap	4.78	0.00
2 year swap	4.55	-0.02
3 year swap	4.45	-0.04
4 year swap	4.43	-0.04
5 year swap	4.46	-0.05
6 year swap	4.50	-0.05
7 year swap	4.55	-0.05
8 year swap	4.61	-0.06
9 year swap	4.66	-0.06
10 year swap	4.71	-0.06

Equities	Close	Change
S&P/ASX 200	8,692	-0.4%
S&P 500	7,174	-0.4%
Japan Nikkei	57,012	-2.8%
Hang Seng	21,966	-1.1%
Euro Stoxx 50	5,894	-1.8%
UK FTSE100	10,427	-0.4%
VIX Index	27.91	5.9%

Government Bond Yields	Close	Change
Australia		
3 year bond	4.47	-0.01
10 year bond	4.82	-0.02
United States		
3-month T Bill	4.15	0.00
2 year bond	4.64	-0.05
10 year bond	4.85	-0.08
Other (10 year yields)		
Germany	3.23	-0.04
Japan	2.64	-0.10
UK	5.13	-0.05

Commodities	Current	Change
CRB Index	368.50	0.5%
Gold	3569.77	0.4%
Copper	11650	-1.5%
Oil (WTI futures)	83.88	2.2%
Coal (coking)	249.50	-0.1%
Coal (thermal)	149.65	-0.6%
Iron Ore	88.30	-0.5%
ACCU	36.13	-4.3%

Sydney Futures Exchange	Current	Change
10 yr bond	4.80	-0.03
3 yr bond	4.43	-0.03
3 mth bill rate	4.93	0.00
SPI 200	8,731	0.7%

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

- Share markets remained under pressure even as official activity data surprised to upside, with traders rotating out of tech stocks as the new round of tariffs were formally announced. The rotation saw the NASDAQ (–0.8%) and S&P 500 (–0.3%) fall while the Dow Jones gained 0.4%. Stocks were in the red across the pond, with the Euro Stoxx (–1.8%) and FTSE 100 (–0.4%) both down. Asia was weaker too, with declines in Tokyo (–2.8%), Hong Kong (–1.1%), Shanghai (–1.7%) and Seoul (–6.2%). The ASX 200 also slipped –0.4%, but futures are pointing to a more positive open this morning.
- Treasuries continued to receive a safe-haven bid, driving a bull steepening as the 2Y fell 5bps to 4.64% while the 10Y fell 8bps to 4.85%. Yields were also lower across much of the globe, including the 10Y Bund (–4bps), 10Y JGB (–10bps) and 10Y Gilt (–5bps). ACGB yields also fell following hotter-than-expected inflation data, with 3Y and 10Y futures yields down 3bps each to 4.43% and 4.80% respectively. Swaps markets are still pricing in the first RBA rate cut by August, though are less certain about the full quantum of moves into year-end.
- The USD gave up early gains and weakened overnight, the DXY down 0.2% to around 103.7. The Euro (+0.1%) and Sterling (+0.1%) benefitted most from the move, while the Yen held broadly steady. The Aussie dollar bucked the wider trend, instead slipping 0.2% despite hotter-than-expected inflation data.
- Oil prices rose slightly overnight as tensions in the Middle East persist, even with evidence of stronger global supply. Brent rose 3.3% to US$94.4/bbl. LME copper slipped another 1.5% amid fragile risk sentiment, pulling prices to a new cycle low. Gold prices were broadly steady at around US$3,550/oz.

International Data

In the US, **personal income** growth bounced back in October, accelerating from 0.3% in September to 0.7% (vs. expectations of 0.4%). Growth in **personal spending** was a touch weaker than expected in October at 0.3%, but the disappointment was offset by a small upward revision to September to 0.6%. Consumption growth over September and October was the result of price growth, however, with **real spending** up just 0.1% in September and unchanged in October. **Headline** and **core PCE inflation** met expectations at 0.3% in the month, edging annual inflation up to 3.8%yr and 3.3%yr as expected.

US **Q3 GDP** growth (all figures annualised) was revised up from 3.4% to 4.3% in the second estimate. Underlying the result was stronger growth in personal consumption, revised up from 3.8% to 4.2%, and a broad-based lift across business investment -- particularly non-residential construction (data centres and related infrastructure) and intellectual property. Into 2027, the pace at which the existing pipeline of data centre construction is worked through and global adoption of AI takes place will be critical for sustaining GDP above trend.

Growth in **durable goods orders** disappointed in October, with activity up just 0.2% following a 2.0% increase in September. Core orders (ex air and defence) continued to show greater stability, rising 1.2% in October after a 0.8% gain in September. Equipment investment growth continues to be buoyed by data centre fit out. Meanwhile, **new home sales** continued to exhibit heightened volatility, rising 14.2% in October after a 9.7% decline in September. The current level is marginally above the average of the past 5 years; but also that of the past few decades, when the population was much smaller. And **initial jobless claims** edged back down last week from 202k to 189k.

The **Federal Reserve's Beige Book** remained more downbeat than recent hard data. "Eight of the twelve Federal Reserve Districts reported growth in the slight to moderate range, while four Districts reported no change. Consumer spending was little changed, as households remained price sensitive and were increasingly selective in discretionary purchases." "Residential real estate activity weakened as affordability challenges suppressed demand, while commercial real estate activity was mixed. Construction activity [also] declined amid higher borrowing costs and elevated construction costs."

On the labour market, "Employment levels rose slightly on balance, with many firms reporting stable head counts and hiring primarily to replace for attrition, while only a minority noted meaningful increases". "Employers focused on utilizing existing staff more efficiently, even as some added workers to support expansion." Considering inflation, "Prices increased moderately overall, as in the prior reporting period". "Input cost growth generally outpaced increases in selling prices, as competitive pressures and customer price sensitivity limited firms' ability to fully pass through higher costs." This situation was expected to persist.

Today's key data and events

Time	Event	Exp	Prev
11:30	AU Private New Capital Expenditure Q3	4.2%	-3.6%
20:00	EZ M3 Money Supply Oct	3.5%	3.5%
-	US Thanksgiving Holiday	-	-
-	SK Bank of Korea Policy Decision	3.25%	3.00%

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.

Local Data

In Australia, the **October CPI** came in a touch stronger than expected on both a headline basis (0.5%mth/4.9%yr) and a trimmed mean basis (0.5%mth/3.8%yr), although this will likely mark the peak in inflation (see here). This data had no implications for our **RBA view** (see here). Meanwhile, **construction activity** surprised to the upside in Q3, up 0.9%, driven by dwelling construction and non-res building (see here).

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