



Weekly economic report

25 May 2026

Financial markets charts

The week that was

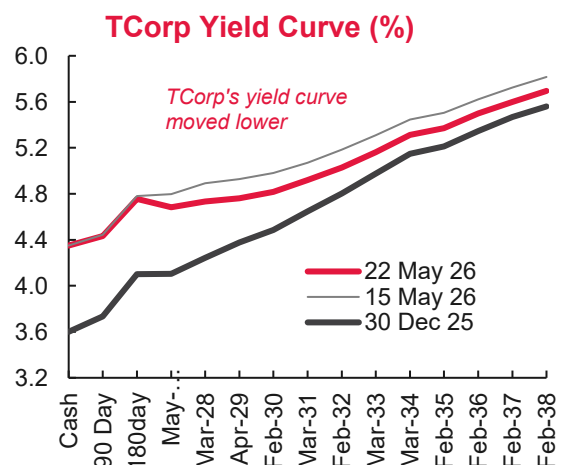
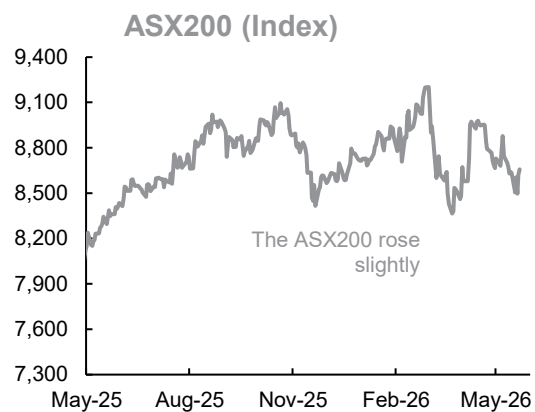
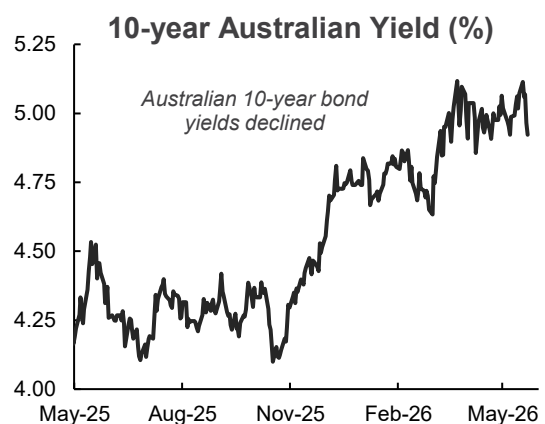
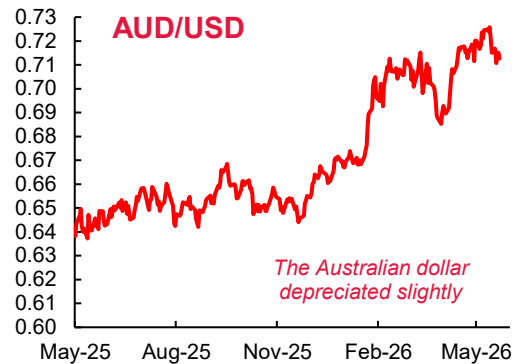
- Headlines about the Iran war drove swings in risk sentiment and financial markets throughout the week. Oil prices ended the week 5% lower, at US\$104/bbl, as reports suggested that negotiations between the US and Iran were progressing.
- The fall in oil prices saw bond yields in most economies decline, partly unwinding the sharp rise the previous week. The fall in US 10-year yields was modest (-4bps) compared with larger falls across Europe (~15bps) and the UK (-27bps), as minutes from the US Federal Reserve's recent meeting were interpreted as hawkish. Investors are now expecting a rate hike in the US at the end of this year.
- Australian 10-year bond yields ended the week 15bps lower, falling noticeably after weaker labour market data for April. While the data showed a rise in the unemployment rate to 4.5% and employment falling, it is unclear how much of this is signal or noise. In trend terms, the unemployment rate was steady at 4.3% and employment rose.
- Even if some of the weakness in the labour market data reflects monthly volatility, the risks to the labour market appear skewed to the downside. Consumer confidence is very weak, and business surveys point to softening economic conditions and hiring intentions.
- The cautious optimism in markets saw most equity markets rise last week. The US S&P500 gained 0.9% and the ASX200 rose by 0.3%. European and UK equity markets rose more strongly.
- Currencies were little changed last week, with the Australian dollar depreciating by 0.3% against the US dollar, to just over US 71 cents.

Economic calendar

Monday 25/05	
Tuesday 26/05	US: Consumer confidence, May
Wednesday 27/05	AU: CPI, Apr; Construction work done, Q1 NZ: Reserve Bank policy decision
Thursday 28/05	US: Core PCE deflator, Apr AU: Private business investment, Q1
Friday 29/05	CA: GDP, Q1 JP: Tokyo CPI, May

The week ahead

- Australian inflation data for April will be the local focus. Some partial indicators of economic activity in Q1 will be released, ahead of GDP data next week.
- US inflation data is the key offshore data this week.



Financial markets data: Week ending 22 May 2026

Interest Rates	Close (%)	1 Week (bps)		YTD (bps)	
RBA Cash Rate	4.35	0	–	75	▲
90-day BBSW	4.43	-1	▼	70	▲
3-year Australian Bond Yield	4.54	-19	▼	41	▲
10-year Australian Bond Yield	4.92	-15	▼	18	▲
20-year Australian Bond Yield	5.35	-9	▼	17	▲
10-year Australian Break-Even Inflation	2.44	-9	▼	13	▲
10-year Australian Real Yield	2.49	-6	▼	5	▲
Fed Funds Rate (lower bound)	3.50	0	–	0	–
2-year US Treasury Yield	4.12	5	▲	65	▲
10-year US Treasury Yield	4.56	-4	▼	39	▲
30-year US Treasury Yield	5.06	-5	▼	22	▲
10-year German Bund Yield	3.04	-13	▼	18	▲
NSW TCorp Bonds					
3.00% 20 May 2027	4.68	-11	▼	58	▲
3.00% 20 March 2028	4.73	-16	▼	48	▲
3.00% 20 April 2029	4.76	-17	▼	38	▲
3.00% 20 February 2030	4.82	-16	▼	33	▲
2.00% 20 March 2031	4.92	-15	▼	27	▲
1.50% 20 February 2032	5.03	-15	▼	23	▲
2.5% 22 November 2032	5.12	-16	▼	22	▲
2.00% 8 March 2033	5.16	-15	▼	19	▲
1.75% 20 March 2034	5.31	-14	▼	17	▲
5.25% 17 October 2034	5.33	-14	▼	--	--
4.75% 20 February 2035	5.37	-13	▼	17	▲
4.75% 20 September 2035	5.46	-13	▼	18	▲
4.25% 20 February 2036	5.50	-12	▼	16	▲
4.75% 20 February 2037	5.60	-13	▼	14	▲
3.50% 20 November 2037	5.69	-13	▼	15	▲
5.25% 24 February 2038	5.69	-12	▼	14	▲
5.25% 22 February 2039	5.78	-12	▼	12	▲
2.50% 20 November 2035 CIB	2.86	-23	▼	-13	▼
10-year NSW TCorp Bond Yield	5.50	-12	▼	20	▲
10-year TCV (Victoria) Spread	0.06	-1	▼	0	▼
10-year QTC (Queensland) Spread	0.05	0	▲	-2	▼
Equities					
S&P/ASX200 (Australia)	8,657	0.3%	▲	-0.7%	▼
S&P500 (US)	7,473	0.9%	▲	9.2%	▲
FTSE 100 (UK)	10,466	2.7%	▲	5.4%	▲
DJ Stoxx600 (Europe)	625	3.0%	▲	5.6%	▲
Nikkei 225 (Japan)	63,339	3.1%	▲	25.8%	▲
Shanghai Composite (China)	4,113	-0.5%	▼	3.6%	▲
Currencies					
AUD/USD	0.713	-0.3%	▼	6.8%	▲
EUR/USD	1.160	-0.2%	▼	-1.2%	▼
USD/JPY	159.18	0.3%	▲	1.6%	▲
GBP/USD	1.34	0.8%	▲	-0.3%	▼
US\$ Index	99.24	0.0%	▼	0.9%	▲
Commodities					
Brent Oil (US\$/bbl)	103.54	-5.2%	▼	70.2%	▲
Iron Ore (US\$/t)	109.00	-1.4%	▼	1.7%	▲
Coking Coal (US\$/t)	154.52	-3.5%	▼	3.2%	▲
Gold (US\$/oz)	4,509.40	-0.7%	▼	4.4%	▲

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