



The week that was

- The Reserve Bank of Australia (RBA) raised interest rates by 25bps to 4.60%. Underlying inflation remains uncomfortably high, mainly due to higher energy prices and the AI investment boom. These global factors are exacerbating domestic capacity constraints in some industries. For example, the construction sector is facing a large pipeline of work on housing, infrastructure related to AI investment and public infrastructure projects. Investors expect the RBA to raise interest rates once more.
- At the same time, there is growing evidence that the Australian economy is slowing. The labour market is gradually loosening, and household spending has weakened in recent months. The housing market downturn continues, with nationwide house prices falling by 1%, a similar pace to the prior 2 months. Sydney house prices have experienced the largest falls since their recent peak, down almost 9%.
- There was further upward pressure on long-term bond yields in many economies. US 10-year yields rose by 11bps. Inflation remains above the Federal Reserve's target, and the US economy looks to have grown strongly in the September quarter. Australian 10-year bond yields fell slightly last week.
- French bond yields rose sharply again (+18bps) as investors continue to express concern about its fiscal position. The sell-off in France has seen more demand for German bonds, with German 10-year bonds ending the week 14bps lower. There are no signs of stress in bond markets outside of France's sovereign bonds.
- Higher yields weighed on global equity markets, particularly in Europe. The US S&P500 declined by 0.3%, with falls limited by strong gains in AI companies. In contrast, the ASX200 rose by 0.2%.

Economic calendar

Monday 05/10	US: ISM services index, Aug
Tuesday 06/10	AU: Consumer sentiment, Sep
Wednesday 07/10	US: Federal Reserve minutes, Sep
Thursday 08/10	
Friday 09/10	US: Consumer sentiment, Sep

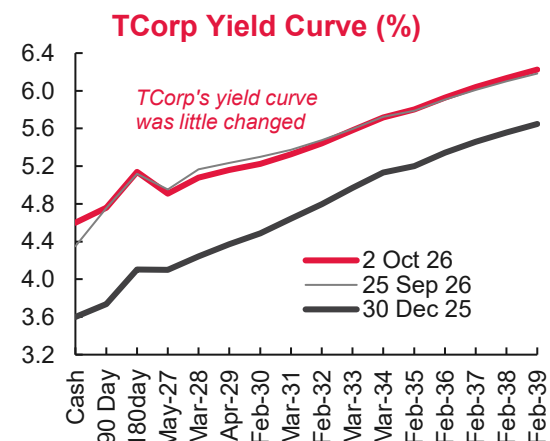
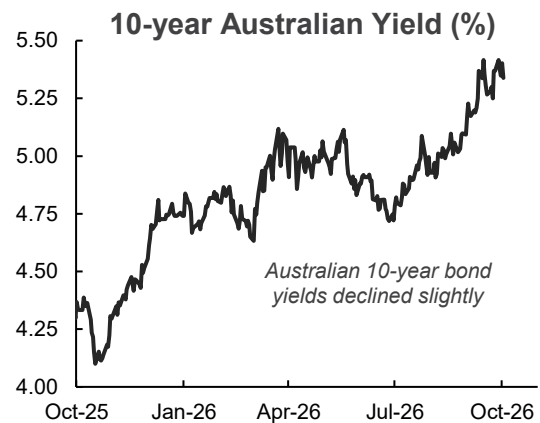
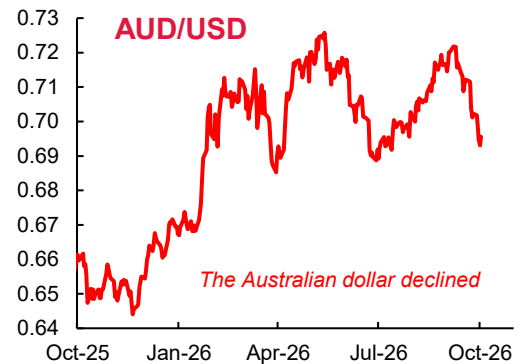
The week ahead

- In a quieter week, minutes from the US Federal Reserve's September meeting will be released. Locally, consumer sentiment data will be the focus.

Weekly economic report

6 October 2026

Financial markets charts



Financial markets data: Week ending 2 October 2026

	Close (%)	1 Week (bps)		YTD (bps)	
Interest Rates					
RBA Cash Rate	4.60	25	▲	100	▲
90-day BBSW	4.76	0	▲	102	▲
3-year Australian Bond Yield	4.89	-12	▼	75	▲
10-year Australian Bond Yield	5.34	-3	▼	60	▲
20-year Australian Bond Yield	5.72	4	▲	54	▲
10-year Australian Break-Even Inflation	2.40	-2	▼	9	▲
10-year Australian Real Yield	2.93	-2	▼	50	▲
Fed Funds Rate (lower bound)	3.75	0	—	25	▲
2-year US Treasury Yield	4.82	-3	▼	135	▲
10-year US Treasury Yield	5.27	11	▲	110	▲
30-year US Treasury Yield	5.62	13	▲	78	▲
10-year German Bund Yield	3.46	-14	▼	61	▲
NSW TCorp Bonds					
3.00% 20 May 2027	4.91	-4	▼	81	▲
3.00% 20 March 2028	5.08	-9	▼	83	▲
3.00% 20 April 2029	5.16	-8	▼	78	▲
3.00% 20 February 2030	5.22	-8	▼	74	▲
2.00% 20 March 2031	5.33	-5	▼	68	▲
1.50% 20 February 2032	5.44	-3	▼	64	▲
2.5% 22 November 2032	5.53	-3	▼	62	▲
2.00% 8 March 2033	5.58	-1	▼	62	▲
1.75% 20 March 2034	5.72	0	▼	59	▲
5.25% 17 October 2034	5.74	0	▲	--	--
4.75% 20 February 2035	5.80	2	▲	61	▲
4.75% 20 September 2035	5.88	2	▲	62	▲
4.25% 20 February 2036	5.93	2	▲	60	▲
5.50% 22 October 2036	5.98	3	▲	--	▲
4.75% 20 February 2037	6.04	3	▲	59	▲
3.50% 20 November 2037	6.13	3	▲	59	▲
5.25% 24 February 2038	6.14	4	▲	59	▲
5.25% 22 February 2039	6.22	4	▲	58	▲
2.50% 20 November 2035 CIB	3.27	-5	▼	5	▲
10-year NSW TCorp Bond Yield	5.96	3	▲	66	▲
10-year TCV (Victoria) Spread	0.06	1	▲	-1	▼
10-year QTC (Queensland) Spread	0.04	0	▼	-2	▼
Equities					
S&P/ASX200 (Australia)	8,682	0.2%	▲	-0.4%	▼
S&P500 (US)	7,723	-0.3%	▼	12.8%	▲
FTSE 100 (UK)	10,462	-2.2%	▼	5.3%	▲
DJ Stoxx600 (Europe)	631	-1.1%	▼	6.6%	▲
Nikkei 225 (Japan)	68,309	2.9%	▲	35.7%	▲
Shanghai Composite (China)	3,842	-1.2%	▼	-3.2%	▼
Currencies					
AUD/USD	0.696	-1.0%	▼	4.2%	▲
EUR/USD	1.126	-1.2%	▼	-4.2%	▼
USD/JPY	157.85	0.4%	▲	0.7%	▲
GBP/USD	1.32	0.0%	▼	-1.7%	▼
US\$ Index	101.93	1.0%	▲	3.7%	▲
Commodities					
Brent Oil (US\$/bbl)	102.25	-2.0%	▼	68.0%	▲
Iron Ore (US\$/t)	91.16	-5.8%	▼	-15.0%	▼
Coking Coal (US\$/t)	207.56	-3.5%	▼	38.7%	▲
Gold (US\$/oz)	4,141.19	-3.4%	▼	-4.1%	▼

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