

Weekly economic report

19 October 2026



The week that was

- Geopolitical uncertainty about the Russia/Ukraine and Middle East conflicts remained elevated amid ongoing attacks. This saw oil prices rise by 5% to US\$110 per barrel.
- A sharp fall in AI-related stocks weighed heavily on the US S&P500, which ended the week almost 2% lower. Weakness was concentrated in companies whose future revenues have the largest sensitivity to continued strong growth in AI infrastructure spending, particularly companies that are also reliant on debt financing. This suggests investors are becoming more concerned about whether these companies can generate sufficient returns on their investments.
- The sell-off in AI companies supported demand for government bonds, particularly for US Treasuries. US 10-year yields fell by 17bps, with bond yields across Europe, the UK and Japan falling by 5-9bps and Australian 10-year yields declining by 10bps.
- Australia's ASX200 gained 1%, with banking stocks rising solidly.
- Minutes from the Reserve Bank of Australia's (RBA's) September Board meeting emphasised the Board's clear focus on lowering inflation, with an acknowledgement that the economy and labour market need to be weaker to bring inflation down.
- Australia's labour market continues to gradually weaken, with the unemployment rate creeping higher to 4.7% in September. Businesses are reporting lower hiring intentions amid weaker profitability and low confidence.

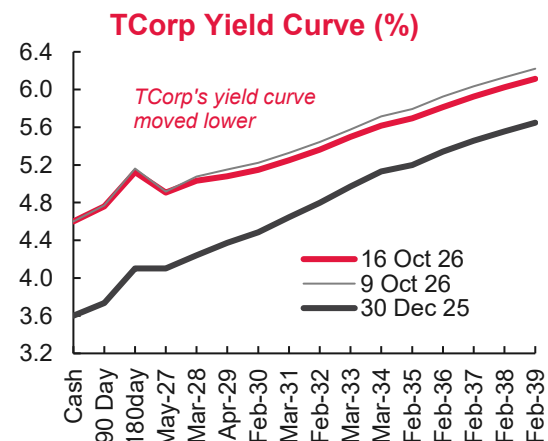
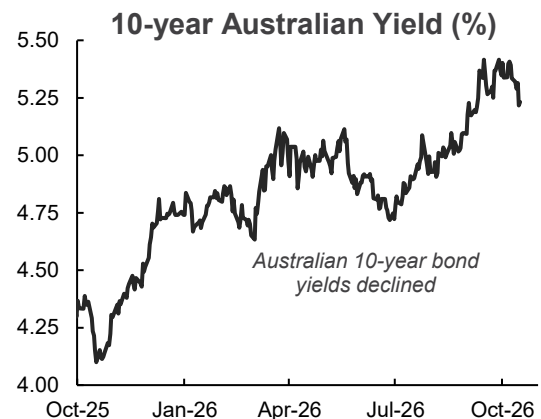
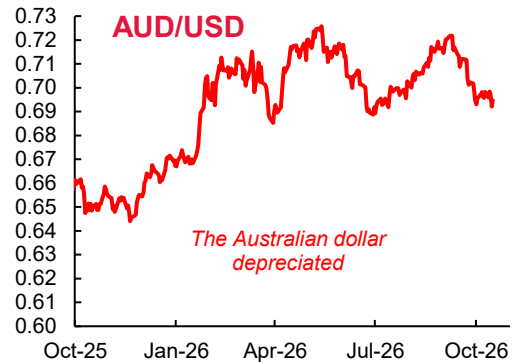
Economic calendar

Monday 19/10	CH: GDP, Q3 CA: CPI, Sep
Tuesday 20/10	
Wednesday 21/10	AU: RBA deputy Governor speech UK: CPI, Sep
Thursday 22/10	NZ: CPI, Q3
Friday 23/10	Global: PMIs, Oct (prelim) JP: CPI, Sep

The week ahead

- The focus locally will be on the RBA Deputy Governor's speech, as investors try to gauge the chances of a rate hike in November.
- Offshore, September quarter GDP data in China will be released. In the US, some big tech firms will report their Q3 earnings.

Financial markets charts



Financial markets data: Week ending 16 October 2026

	Close (%)	1 Week (bps)		YTD (bps)	
Interest Rates					
RBA Cash Rate	4.60	0	—	100	▲
90-day BBSW	4.76	-1	▼	102	▲
3-year Australian Bond Yield	4.84	-5	▼	71	▲
10-year Australian Bond Yield	5.23	-10	▼	49	▲
20-year Australian Bond Yield	5.60	-12	▼	42	▲
10-year Australian Break-Even Inflation	2.33	-4	▼	2	▲
10-year Australian Real Yield	2.90	-6	▼	47	▲
Fed Funds Rate (lower bound)	3.75	0	—	25	▲
2-year US Treasury Yield	4.71	-8	▼	124	▲
10-year US Treasury Yield	5.07	-17	▼	91	▲
30-year US Treasury Yield	5.42	-17	▼	58	▲
10-year German Bund Yield	3.43	-5	▼	57	▲
NSW TCorp Bonds					
3.00% 20 May 2027	4.91	-1	▼	80	▲
3.00% 20 March 2028	5.03	-4	▼	78	▲
3.00% 20 April 2029	5.08	-7	▼	71	▲
3.00% 20 February 2030	5.15	-7	▼	66	▲
2.00% 20 March 2031	5.25	-8	▼	60	▲
1.50% 20 February 2032	5.36	-8	▼	56	▲
2.5% 22 November 2032	5.45	-9	▼	55	▲
2.00% 8 March 2033	5.50	-8	▼	53	▲
1.75% 20 March 2034	5.62	-10	▼	48	▲
5.25% 17 October 2034	5.64	-11	▼	--	--
4.75% 20 February 2035	5.69	-10	▼	50	▲
4.75% 20 September 2035	5.77	-11	▼	51	▲
4.25% 20 February 2036	5.81	-11	▼	48	▲
5.50% 22 October 2036	5.86	-11	▼	--	▲
4.75% 20 February 2037	5.93	-11	▼	47	▲
3.50% 20 November 2037	6.02	-11	▼	48	▲
5.25% 24 February 2038	6.02	-11	▼	48	▲
5.25% 22 February 2039	6.11	-11	▼	47	▲
2.50% 20 November 2035 CIB	3.25	-4	▼	3	▲
10-year NSW TCorp Bond Yield	5.84	-10	▼	54	▲
10-year TCV (Victoria) Spread	0.07	1	▲	0	▲
10-year QTC (Queensland) Spread	0.05	1	▲	-2	▼
Equities					
S&P/ASX200 (Australia)	8,807	1.0%	▲	1.1%	▲
S&P500 (US)	7,659	-1.9%	▼	11.9%	▲
FTSE 100 (UK)	10,882	3.1%	▲	9.6%	▲
DJ Stoxx600 (Europe)	645	2.1%	▲	8.9%	▲
Nikkei 225 (Japan)	65,324	-5.4%	▼	29.8%	▲
Shanghai Composite (China)	3,716	-2.6%	▼	-6.4%	▼
Currencies					
AUD/USD	0.695	-0.5%	▼	4.1%	▲
EUR/USD	1.124	0.3%	▲	-4.3%	▼
USD/JPY	158.02	-0.2%	▼	0.8%	▲
GBP/USD	1.33	0.7%	▲	-1.1%	▼
US\$ Index	101.84	-0.4%	▼	3.6%	▲
Commodities					
Brent Oil (US\$/bbl)	109.86	4.9%	▲	80.5%	▲
Iron Ore (US\$/t)	90.97	0.6%	▲	-15.1%	▼
Coking Coal (US\$/t)	226.42	0.9%	▲	51.3%	▲
Gold (US\$/oz)	4,165.58	-0.7%	▼	-3.6%	▼

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