

Weekly economic report

26 October 2026



The week that was

- There was a risk-off tone in markets as investors sold AI-related companies. Investors have become more cautious around AI firms whose earnings are most reliant on a continued strong increase in infrastructure spending and those more reliant on debt financing. This saw the S&P500 fall by 0.5%, with gains in more defensive sectors cushioning the drag from technology stocks.
- Ongoing tensions in the Middle East added to investor risk aversion and saw oil prices rise 3%, to US\$116 per barrel – the highest level since April.
- Investors sought the safe-haven of government bonds, with US and German 10-year yields declining 8bps. France's government bonds remained under pressure amid political and fiscal uncertainty, with 10-year yields rising a further 22bps last week. This contributed to European equities falling by 1.4%.
- Traditional safe-haven currencies of the Japanese yen and Swiss franc rose, including against the US dollar. The Australian dollar appreciated to back above US 70 cents, supported by a further rise in LNG prices – a key Australian export.
- The ASX200 was little changed, with resources stocks falling while the banking sector rose.
- Comments by the Reserve Bank of Australia (RBA) were hawkish, prompting investors to ascribe a 60% chance of a November rate hike. Despite this, Australian 10-year yields followed global yields lower, falling by 7bps.

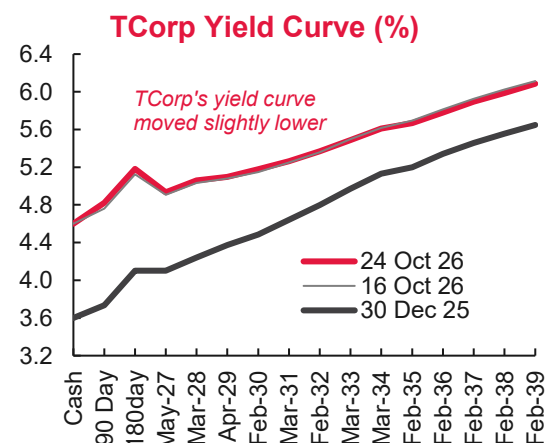
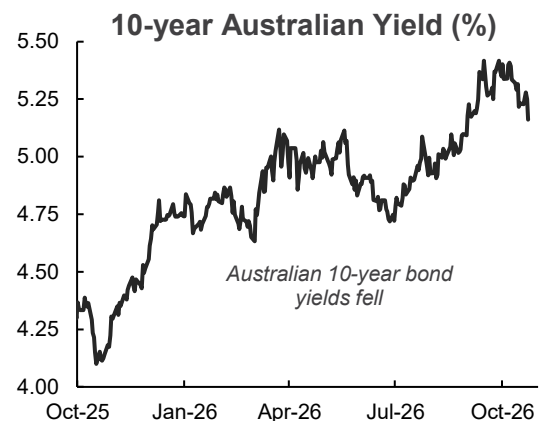
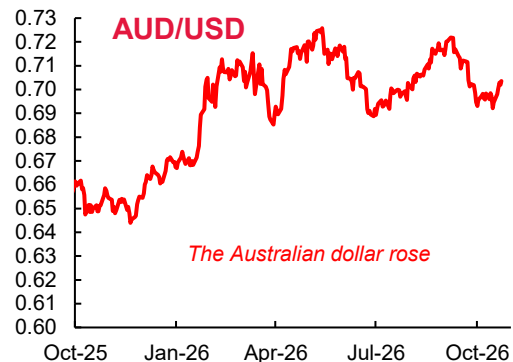
Economic calendar

Monday 26/10	
Tuesday 27/10	
Wednesday 28/10	AU: CPI, Q3 US: Federal Reserve policy decision CA: Bank of Canada policy decision
Thursday 29/10	US: Core PCE index, Sep; GDP, Q3 EU: European Central Bank decision
Friday 30/10	EU: GDP, Q3 JP: Bank of Japan policy decision

The week ahead

- Australian inflation for the September quarter is the key release and critical for the RBA ahead of its Board meeting next week.
- Central banks in the US, Europe and Japan are expected to hold rates steady while rate rises are anticipated in Canada and New Zealand. Large US tech companies will report their earnings.

Financial markets charts



Financial markets data: Week ending 23 October 2026

	Close (%)	1 Week (bps)		YTD (bps)	
Interest Rates					
RBA Cash Rate	4.60	0	—	100	▲
90-day BBSW	4.82	6	▲	108	▲
3-year Australian Bond Yield	4.84	-1	▼	70	▲
10-year Australian Bond Yield	5.16	-7	▼	42	▲
20-year Australian Bond Yield	5.52	-8	▼	34	▲
10-year Australian Break-Even Inflation	2.34	2	▲	3	▲
10-year Australian Real Yield	2.82	-9	▼	39	▲
Fed Funds Rate (lower bound)	3.75	0	—	25	▲
2-year US Treasury Yield	4.68	-3	▼	121	▲
10-year US Treasury Yield	4.99	-8	▼	83	▲
30-year US Treasury Yield	5.32	-10	▼	48	▲
10-year German Bund Yield	3.35	-8	▼	49	▲
NSW TCorp Bonds					
3.00% 20 May 2027	4.93	3	▲	83	▲
3.00% 20 March 2028	5.06	3	▲	81	▲
3.00% 20 April 2029	5.10	2	▲	72	▲
3.00% 20 February 2030	5.18	3	▲	69	▲
2.00% 20 March 2031	5.26	1	▲	61	▲
1.50% 20 February 2032	5.37	1	▲	57	▲
2.5% 22 November 2032	5.45	0	▲	55	▲
2.00% 8 March 2033	5.49	-1	▼	52	▲
1.75% 20 March 2034	5.61	-1	▼	48	▲
5.25% 17 October 2034	5.63	-1	▼	--	--
4.75% 20 February 2035	5.67	-3	▼	47	▲
4.75% 20 September 2035	5.73	-3	▼	47	▲
4.25% 20 February 2036	5.78	-3	▼	45	▲
5.50% 22 October 2036	5.83	-3	▼	--	▲
4.75% 20 February 2037	5.90	-3	▼	44	▲
3.50% 20 November 2037	5.98	-4	▼	44	▲
5.25% 24 February 2038	5.99	-4	▼	44	▲
5.25% 22 February 2039	6.09	-3	▼	44	▲
2.50% 20 November 2035 CIB	3.13	-11	▼	-8	▼
10-year NSW TCorp Bond Yield	5.82	-2	▼	52	▲
10-year TCV (Victoria) Spread	0.06	0	▼	0	▼
10-year QTC (Queensland) Spread	0.04	-1	▼	-3	▼
Equities					
S&P/ASX200 (Australia)	8,795	-0.1%	▼	0.9%	▲
S&P500 (US)	7,624	-0.5%	▼	11.4%	▲
FTSE 100 (UK)	10,690	-1.8%	▼	7.6%	▲
DJ Stoxx600 (Europe)	636	-1.4%	▼	7.4%	▲
Nikkei 225 (Japan)	62,693	-4.0%	▼	24.5%	▲
Shanghai Composite (China)	3,690	-0.7%	▼	-7.0%	▼
Currencies					
AUD/USD	0.704	1.3%	▲	5.4%	▲
EUR/USD	1.120	-0.3%	▼	-4.6%	▼
USD/JPY	156.87	-0.7%	▼	0.1%	▲
GBP/USD	1.34	0.4%	▲	-0.7%	▼
US\$ Index	101.81	0.0%	▼	3.5%	▲
Commodities					
Brent Oil (US\$/bbl)	116.72	6.2%	▲	91.8%	▲
Iron Ore (US\$/t)	90.80	-0.2%	▼	-15.3%	▼
Coking Coal (US\$/t)	216.63	-4.3%	▼	44.7%	▲
Gold (US\$/oz)	3,996.10	-4.1%	▼	-7.5%	▼

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