Weekly economic report

2 November 2026

The week that was

- Shifting investor sentiment around the AI sector caused volatility across markets. Investors want to see evidence that huge AI investment is translating into revenues, particularly as it is increasingly debt funded. Some earnings reports disappointed investors and triggered a broader AI sell-off that saw the US S&P500 end the week 0.6% lower.
- European and Australian equity markets were more resilient, with the ASX200 gaining 1.3%.
- The heightened concern around AI saw bond yields fall globally, as investors sought the safety of government bonds. US 10-year bond yields fell 9bps and Australian 10-year yields declined 4bps.
- Rising AI-related investment continues to support growth in the US economy. Despite a strong economy and elevated inflation, the US Federal Reserve (Fed) held interest rates steady this week. While the Fed is expected to raise rates again in December, the Fed Chair appears to be more optimistic that AI-related productivity gains will see inflation slow in the not-too-distant future.
- In contrast, the Reserve Bank of Australia (RBA) has become more concerned about high inflation and is expected to raise interest rates again this week. The September quarter inflation data confirmed that underlying inflation remains high and well above where the RBA had expected a few months ago.
- The Bank of Canada raised interest rates for the first time since 2023. Central banks in the UK and Sweden are expected to raise rates this week, while New Zealand, Europe and Japan are expected to see rate rises in December (in addition to the US).

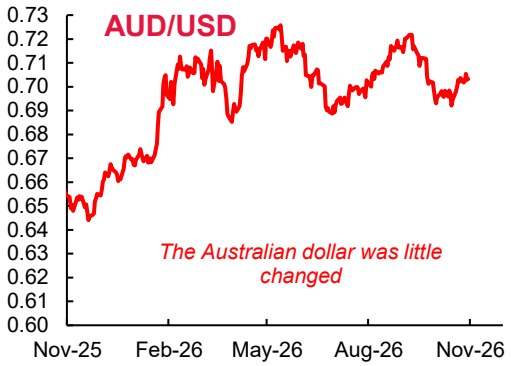
Economic calendar

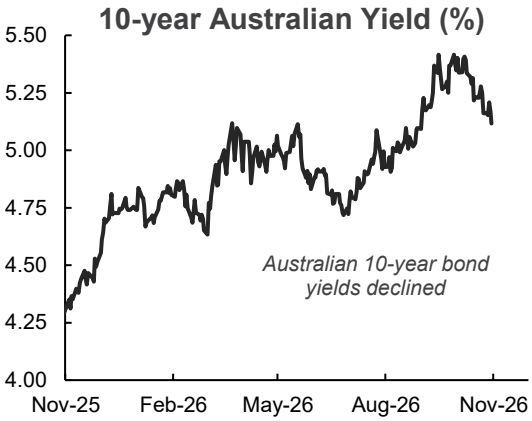
Monday 02/11	US: ISM Manufacturing, Oct AU: Building approvals, Sep
Tuesday 03/11	AU: RBA policy decision
Wednesday 04/11	US: ISM Services, Oct EC: CPI, Oct
Thursday 05/11	
Friday 06/10	US: Non-farm payrolls, Oct

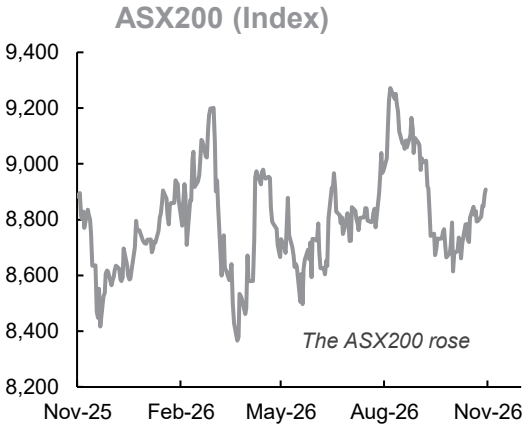
The week ahead

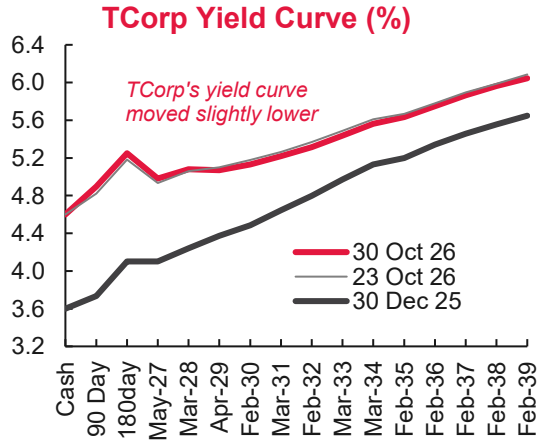
- The RBA Board is expected to raise its policy rate to 4.85%. Investors will try to gauge whether there are likely to be subsequent rate rises, and how many.
- US mid-term elections on 3 November will be the main event offshore.

Financial markets charts









Financial markets data: Week ending 30 October 2026

	Close (%)	1 Week (bps)		YTD (bps)	
Interest Rates					
RBA Cash Rate	4.60	0	–	100	▲
90-day BBSW	4.90	8	▲	116	▲
3-year Australian Bond Yield	4.81	-3	▼	67	▲
10-year Australian Bond Yield	5.12	-4	▼	38	▲
20-year Australian Bond Yield	5.46	-6	▼	28	▲
10-year Australian Break-Even Inflation	2.36	1	▲	5	▲
10-year Australian Real Yield	2.76	-6	▼	33	▲
Fed Funds Rate (lower bound)	3.75	0	–	25	▲
2-year US Treasury Yield	4.59	-9	▼	111	▲
10-year US Treasury Yield	4.93	-7	▼	76	▲
30-year US Treasury Yield	5.31	-1	▼	46	▲
10-year German Bund Yield	3.32	-2	▼	47	▲
NSW TCorp Bonds					
3.00% 20 May 2027	4.98	5	▲	88	▲
3.00% 20 March 2028	5.08	2	▲	83	▲
3.00% 20 April 2029	5.07	-3	▼	69	▲
3.00% 20 February 2030	5.13	-5	▼	64	▲
2.00% 20 March 2031	5.22	-4	▼	57	▲
1.50% 20 February 2032	5.32	-5	▼	52	▲
2.5% 22 November 2032	5.40	-5	▼	50	▲
2.00% 8 March 2033	5.44	-5	▼	47	▲
1.75% 20 March 2034	5.56	-5	▼	43	▲
5.25% 17 October 2034	5.58	-4	▼	--	--
4.75% 20 February 2035	5.63	-4	▼	44	▲
4.75% 20 September 2035	5.71	-2	▼	45	▲
4.25% 20 February 2036	5.75	-3	▼	42	▲
5.50% 22 October 2036	5.79	-3	▼	--	▲
4.75% 20 February 2037	5.87	-3	▼	41	▲
3.50% 20 November 2037	5.96	-2	▼	42	▲
5.25% 24 February 2038	5.96	-2	▼	42	▲
5.25% 22 February 2039	6.05	-4	▼	40	▲
2.50% 20 November 2035 CIB	3.11	-2	▼	-10	▼
10-year NSW TCorp Bond Yield	5.79	-3	▼	49	▲
10-year TCV (Victoria) Spread	0.07	1	▲	1	▲
10-year QTC (Queensland) Spread	0.05	1	▲	-2	▼
Equities	**Close**	**1 Week**		**YTD**	
S&P/ASX200 (Australia)	8,908	1.3%	▲	2.2%	▲
S&P500 (US)	7,580	-0.6%	▼	10.7%	▲
FTSE 100 (UK)	10,730	0.4%	▲	8.0%	▲
DJ Stoxx600 (Europe)	647	1.7%	▲	9.2%	▲
Nikkei 225 (Japan)	63,290	1.0%	▲	25.7%	▲
Shanghai Composite (China)	3,599	-2.5%	▼	-9.3%	▼
Currencies	**Close**	**1 Week**		**YTD**	
AUD/USD	0.703	-0.1%	▼	5.4%	▲
EUR/USD	1.116	-0.4%	▼	-5.0%	▼
USD/JPY	157.56	0.4%	▲	0.5%	▲
GBP/USD	1.34	0.1%	▲	-0.6%	▼
US$ Index	101.88	0.1%	▲	3.6%	▲
Commodities	**Close**	**1 Week**		**YTD**	
Brent Oil (US$/bbl)	117.64	0.8%	▲	93.3%	▲
Iron Ore (US$/t)	90.71	-0.1%	▼	-15.4%	▼
Coking Coal (US$/t)	223.76	3.3%	▲	49.5%	▲
Gold (US$/oz)	3,874.62	-3.0%	▼	-10.3%	▼

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