Australia's yield premium has gone

A weaker AUD drew offshore buyers into Australian bonds and the Australian 10-year closed Friday 2 basis points below Treasuries as US yields rose to 5.15%. The yen is weakening again, NVIDIA lost its founder, and fuel is now driving inflation.

AUST 10-YEAR	US 10-YEAR	FRANCE 10-YEAR	ITALY 10-YEAR	JAPAN 10-YEAR	ITRAXX AUST	90-DAY BBSW
5.13%	5.15%	4.92%	4.43%	2.86%	71	4.94%
+12 on week	+29 on week	+15 on week	+9 on week	+23 on week	−5 on week	+1 on week

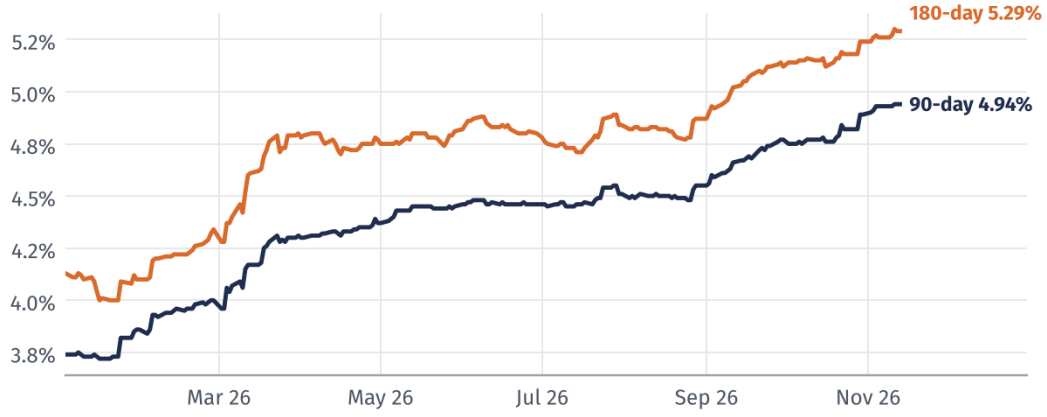
Levels at 13 November 2026 and the change on the week in basis points. US 10-year at the Friday close, change measured from 4.86% after payrolls. Source Refinitiv Datastream, ANZ, Arculus

THE WEEK IN FOUR POINTS

- The AUD fell 1.4% on the week to 0.6772, its lowest since May. The weaker currency drew offshore buyers into long end ACGBs and the Australian 10-year premium over Treasuries went from 20 basis points on 30 October to minus 2 at Friday's close.
- US 10-year yields rose to 5.15% as markets priced three to four Fed hikes over the next year. The yen weakened to 159.7 against the US$ while AUD/JPY fell, and the risk of a carry trade unwind is rising again.
- A$ credit recovered with equities. The NAB 36-31 Tier 2 tightened from BBSW+157.5 at Monday's wides to +148 and iTraxx Australia fell 5 to 71, while the major bank senior supply window looks closed for the year.
- Jensen Huang resigned as NVIDIA's chief executive. Default risk stays remote on our numbers, but the credit question has moved to event risk and up to US$164.5 billion of guarantees given to customers.

Ninety day BBSW set another record at 4.94%

90-day and 180-day BBSW, per cent, daily, 1 January to 13 November 2026



Source Arculus BBSW data file to 13 November 2026

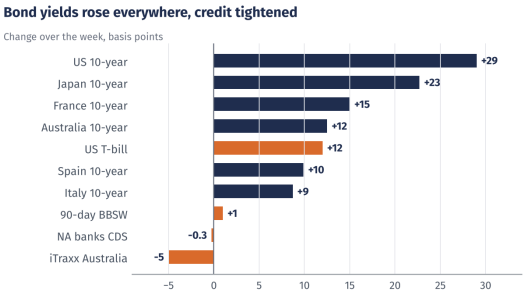
RATES

Interest rates

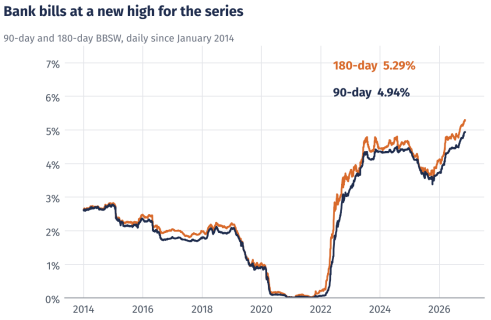
Australia

The market has the RBA on hold. The market has OIS at 4.874% for December and 4.90% for February against the 4.85% cash rate, about a 20% chance of a February move. Ninety day BBSW rose 1 basis point to 4.94% and 180-day 3 to 5.29%, both new records for our data back to 2014. The Australian 10-year rose 12 basis points on the week to 5.13%, 9 of them on Friday.

ANZ's rates desk describes Australia as partly insulated from the US sell off because several hikes are already behind it. The AOFM's A$1 billion tender of the May 2038s cleared 0.25 basis points through mid with cover of 3.1 times. We note that Carry is now negative out to nine years, so front end bonds need yields to keep falling to earn their keep.



Source Refinitiv Datastream, ANZ, Arculus



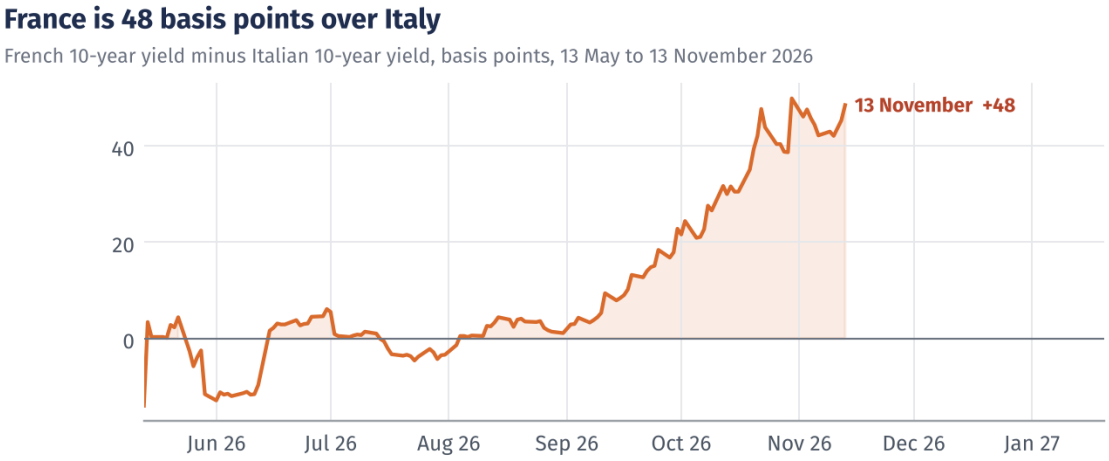
Source Arculus BBSW data file to 13 November 2026

United States

The US 10-year rose to around 5.10% on Thursday and closed Friday at 5.15%, 29 basis points above its level after payrolls. Markets now price three to four Fed hikes over the next twelve months and ANZ notes a 50 basis point move in December is possible. The 3-month bill rose 12 to 4.13%.

The data since the October FOMC have been uniformly strong. Third quarter GDP grew 3.4% annualised and supercore CPI rose 0.42% in September. Cleveland Fed President Hammack said policy is not restrictive. Existing home sales fell to 3.75 million annualised in October, the lowest since 2010, and the Fed has dropped its October 2027 meeting as Chair Warsh moves to fewer rate setting meetings.

Europe and Japan



Source Refinitiv Datastream, Arculus

European yields rose with the US. France rose 15 basis points on the week to 4.92% and Italy 9 to 4.43%, so the spread widened to 48 from 42. ANZ notes OAT Bund spreads have stabilised and French bank EUR supply has been well received. S&P reviews France on 27 November. European gas storage is 72% full against an average of 89%.

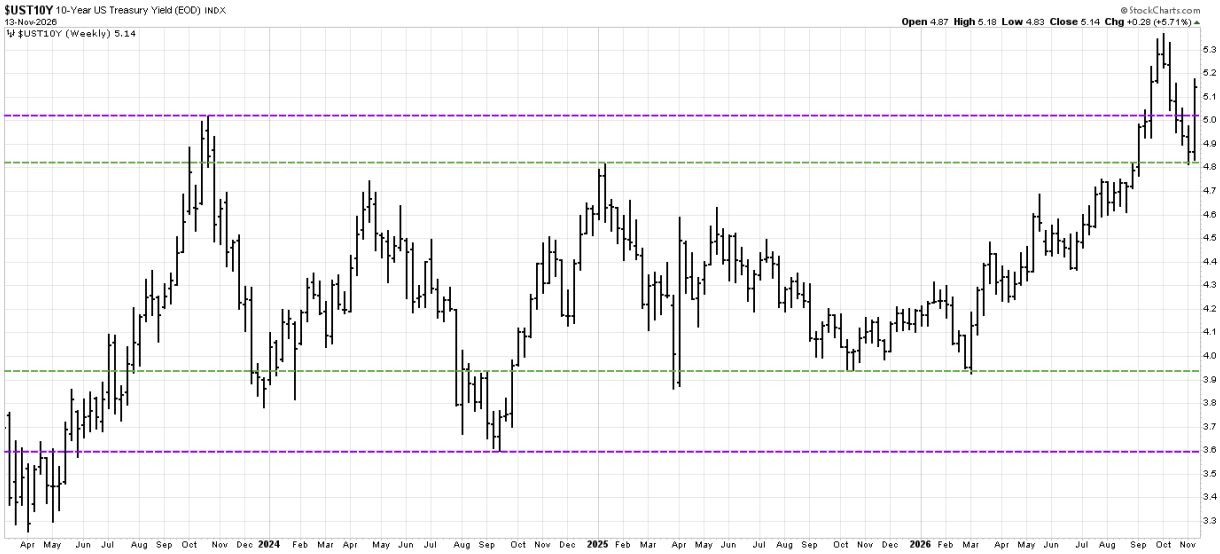


Japan 10-year government bond yield, weekly. Source StockCharts.com, Arculus

The 10-year JGB rose 22 basis points on the week to 2.86%, reversing last week's fall, and sits about 27 below its October high.

The Treasury curve

The US 10-year closed the week 29 basis points higher at 5.15% after trading between 4.83% and 5.18%. It is back above the 5.02% high of October 2023, which had capped yields until September, and the low of the week held at the 4.82% level that was the high of early 2025. The 2-year rose from about 4.45% early in the month to 4.86% and the 5-year to 4.97%, so the move has been led by the front end as markets price more Fed hikes.



US 10-year Treasury yield, weekly. Source StockCharts.com, Arculus



US 2-year Treasury yield, daily. Source StockCharts.com, Arculus



US 5-year Treasury yield, daily. Source StockCharts.com, Arculus

The AUD explains the shrinking yield premium

The fall in the AUD explains why the Australian 10-year premium over US Treasuries has shrunk. AUD/USD fell 1.4% on the week to 0.6772, the lowest in our data since May and 4% below its 28 October level of 0.7054. At these levels Australian duration is cheap in US$ terms, and offshore accounts have been steady buyers of the long end as the AUD fell. ANZ's rates desk ties the two together, noting that Australia's cross market outperformance combined with the lower AUD speaks to the global nature of the move.

Cross currency basis has also tightened, with the 10-year back to about minus 1.125 basis points, improving the pick up for offshore buyers of long end Australian paper. The premium was 20 basis points on 30 October, 15.7 on 6 November and minus 2 at Friday's close, with the Australian 10-year at 5.13% and Treasuries at 5.15%. Australia now yields less than the US at 10 years.

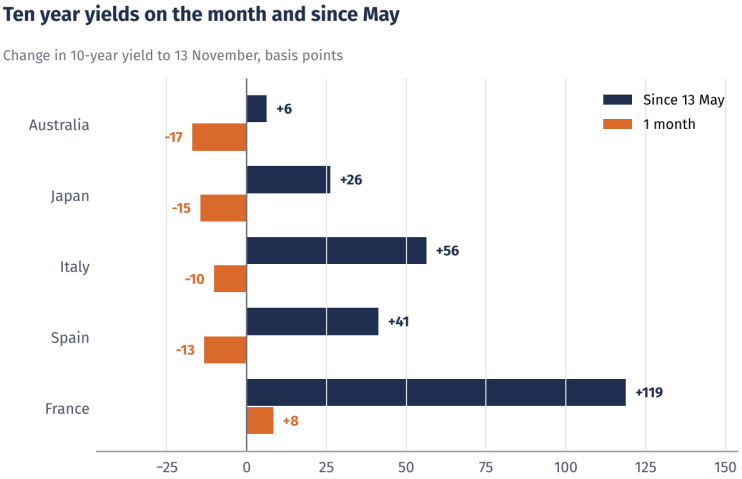


AUD/USD, daily. Source StockCharts.com, Arculus. The premium figures are from Mizuho AUD Weekly Update 10 November 2026 and LSEG Datastream, with the 13 November premium using the Australian 10-year of 5.13% and the US 10-year close of 5.15%

The other side of the AUD move is the US$. The US dollar index rose to 103.41 on Friday, the top of its range since March, as rising US yields drew money into the dollar.



US dollar index, daily. Source StockCharts.com, Arculus



Source Refinitiv Datastream, Arculus. One month is from 13 October 2026

Forward interest indicators

Bank Bill Swap rates set another record. Ninety day BBSW fixed at 4.94% on Friday, 9 basis points above the 4.85% cash rate, and 180-day at 5.29%. The spread of 180-day over 90-day widened back to 35 basis points from 33 as the bill curve added back a little hike risk alongside the rise in US yields.

Floating rate coupons reset off these levels. Ninety day BBSW is up 17 basis points since 9 October while the one year senior FRN margin is up 0.5, so at the front the funding leg is still doing the work.

Front end demand

Semi supply eased to A$2.6 billion. Fast money kept buying the front end and belly of the semi curve and Asian central banks anchored demand for front end SSA paper

CREDIT

Credit markets

iTraxx Australia fell 5 to its lowest since September

Five-year CDS indices, basis points, daily, 13 May to 13 November 2026. North American banks to 12 November



Source Refinitiv Datastream, Arculus

Global credit

iTraxx Australia fell 5 basis points on the week to 71, its lowest since September, and North American bank CDS was little changed at 65. Goldman Sachs notes hyperscaler curves steepened sharply against investment grade benchmarks through 2026 as AI funding added long end supply, and that divergence has since retraced. Data centre spreads remain materially wider than hyperscaler credit.

Equities set the tone again

Cash spreads followed equities back in. Risk on sentiment reached A$ credit on Tuesday for the first time in several sessions, and real money added across corporates, hybrids, Kangaroo financials and Tier 2 by Thursday. ANZ's desk still describes the technical as limited sellers and depleted buying rather than genuine strength, and says it needs several consecutive risk on sessions to clear trading books.

Oracle and Amazon

Amazon's senior spread came 6 basis points tighter off last week's wides to 94 and Oracle 6 tighter to 299. Both remain well wide of where they started the year in our data, with Amazon nearly double its May level of 51.

Amazon and Oracle came 6 tighter off last week's wides

Senior bond spreads, basis points, daily to 12 November 2026. Oracle shown from 13 October



Source Refinitiv Datastream, Arculus. Oracle readings before 13 October were unchanged for five months and are left off as stale

Australian dollar credit

Tier 2 led the recovery. The 10NC5 sector was 8 to 14 basis points wider by Monday than on 5 November. The new NAB 36-31 then drew real money and street buying and tightened 7 basis points on Thursday alone to BBSW+148.

ANZ puts the senior to sub ratio in that part of the curve just above 2.0 times against a recent average of 1.75 to 1.8 times. Fixed rate and long dated subs remain hard work while US rates are this volatile.

The senior window looks closed. CBA chose to fund in US$ on Thursday and ANZ has pre-funded into the new year, and the decision set off another round of offshore buying in three to five year major bank paper. ANZ sees room for the five year to grind towards BBSW+70 and the three year towards +60 into year end.

European banks punished alongside French risk recovered as OAT Bund spreads stabilised, with NWIDE, CMZB and CABKSM 2 to 3 basis points tighter on Thursday. Kiwibank priced A$500 million of 4.5 year FRN at BBSW+103 and Auckland Airport a six year fixed rate senior deal. In corporates, infrastructure and utilities led, GOOGL fixed lines tightened 3 to 4 basis points on Tuesday.

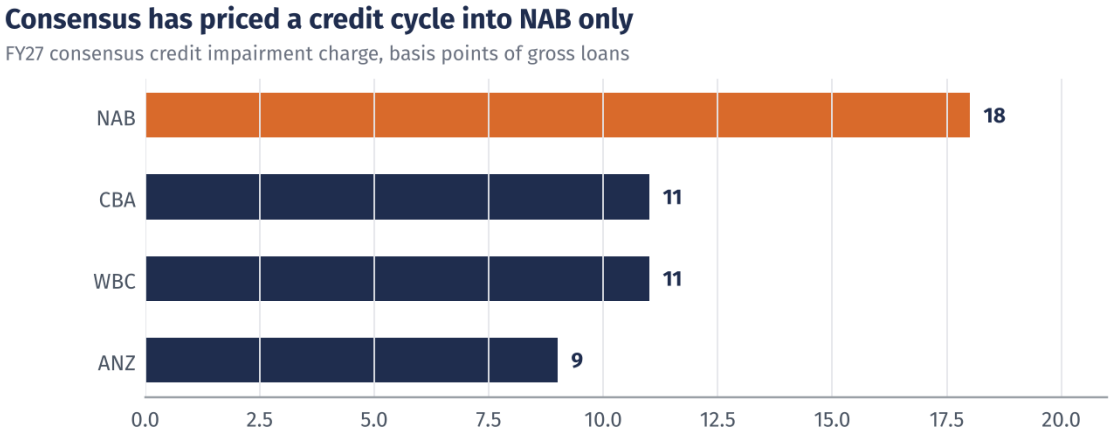
Major bank line	Margin (bp)	Since 5 Nov	Running yield
Senior FRN 1 year	42.0	−1.0	5.36%
Senior FRN 3 year	63.5	+0.5	5.58%
Senior FRN 5 year	73.5	−1.0	5.68%
Tier 2 FRN 2031-26	77.0	+1.0	5.71%
Tier 2 FRN 2032-27	97.0	+10.0	5.91%
Tier 2 FRN 2035-30	**137.0**	**+3.0**	**6.31%**
Tier 2 FRN 2036-31	148.0	+4.0	6.42%
Tier 2 FRN 2041-36	175.0	+5.0	6.69%

Source ANZ Credit Trading indicative mids over BBSW at 12 November 2026, Arculus. Running yield is 90-day BBSW of 4.94% plus margin. The 2032-27 line moved 13 basis points between 5 and 9 November, out of line with its neighbours

On a spread duration of about 4.5 years the 7 basis point rally in the NAB 36-31 on Thursday is worth roughly 0.32% of price. A week of accrual at 4.94% plus 148 is roughly 0.12%, so one session returned more than two and a half weeks of carry.

Bank results

Barrenjoey's results wrap argues credit is now the main question for the sector. NAB was the only major to build provisions and cited broad based deterioration across industries, geographies and vintages. All four majors reported higher mortgage delinquencies, ANZ, NAB and CBA run CET1 ratios below 12%, and restructuring firms describe themselves as busier than at any time since the GFC. With NAB holding about 28% of the SME market, Barrenjoey argues the chance the problem is unique to NAB is close to zero.



Source Barrenjoey Banks Results Wrap 15 November 2026, consensus FY27 credit impairment charge as a share of gross loans

ASX hybrids

ASX hybrids were sold heavily as the week progressed, which looked like platforms exiting large portfolios. We are unaware of a fundamental reason that would have driven the selling. It was confined to the major bank and Macquarie hybrids, with volumes particularly heavy in NAB. The average major bank hybrid margin widened 0.30%

over the week to 1.86%, well above the year to date average of 1.71%, and margins moved in every major bank hybrid except WBCPJ.

Given there may be more than one source of the selling, it is difficult to conclude it was complete by the end of the week. In any case, buying a major bank hybrid near a 2% margin is attractive, especially going into year end when hybrids typically rally.

CALENDAR

Week ahead

Australia gets the RBA minutes, a speech from Governor Bullock, the September quarter wage price index and the October labour force survey. The US has retail sales and the FOMC minutes alongside a heavy run of Fed speakers including Chair Warsh. Times are AEDT and consensus is shown where available.

Day	Australia	United States	Fed speakers
Monday 16 November	—	—	Barr 9.00pm.
Tuesday 17 November	Minutes of the November RBA meeting, 11.30am.	Empire State manufacturing for November at 12.30am, consensus 17.6 after 25.5.	Williams 1.05am, Chair Warsh 4.00am, Barkin 10.10am and Musalem 11.30pm.
Wednesday 18 November	Governor Bullock speaks at 10.00am. Wage price index for the September quarter at 11.30am, consensus 0.9% after 0.8%, with annual growth at 3.2% last quarter.	October retail sales at 12.30am, consensus flat after 0.8%, and import prices, consensus 0.7%. Industrial production at 1.15am, consensus 0.1%.	Waller 1.20am, Hammack 1.30am and Williams 6.25am.
Thursday 19 November	October labour force at 11.30am. Employment consensus +25,200 after a fall of 39,300, unemployment 4.7%.	Housing starts and permits 12.30am, pending home sales 2.00am, the 20-year bond auction 5.00am and the FOMC minutes 6.00am.	Barr 5.35am and Williams 6.30am.
Friday 20 November	—	Jobless claims and the Philadelphia Fed index at 12.30am, consensus 200,000 and 19.2. Final Michigan sentiment early Saturday at 2.00am, with one year inflation expectations at 4.3% consensus.	Hammack 12.50am, Goolsbee 4.30am, Barr 6.15am, Barkin 8.00am and Paulson 10.30am, then Waller and Cook early Saturday.

Source Trading Economics economic calendar, 15 November 2026

Further out

Date	Event	Market
16 Nov	Goldman Sachs webinar on hyperscalers and EM credit	Global credit
17 to 18 Nov	TomorrowX AI summit in Austin, Texas	US equities
25 Nov	Australian monthly CPI for October, 11.30am. Annual inflation 4.3% and trimmed mean 3.6% last month	Australia
26 Nov	US October PCE and second estimate of third quarter GDP 12.30am, Fed Beige Book 6.00am	United States
Late Nov	NVIDIA third quarter FY27 results	US equities and credit
27 Nov	S&P review of France	Europe
28 Nov	Victorian State election	Australia
2 Dec	Australian GDP for the September quarter, 11.30am, after 0.4% in the June quarter	Australia
7 to 8 Dec	RBA Board meeting	Australia
By 20 Dec	US Senate lame duck window for the Ratepayer Protection Act	US policy

Source Trading Economics economic calendar, GS GWIS datacentres note 10 November 2026, GS Marquee 12 November 2026, Arculus

Where the forecasters stand

Source	Position	As at
ANZ	Expects 4.85% to be the RBA peak	6 November
Mizuho	Market prices about a 20% chance of a February RBA hike	10 November
ANZ US	The Fed cannot skip again in December and a 50 basis point move is possible	13 November
Arculus	**No further RBA move and the cash rate on hold into 2028**	**7 November**

Source ANZ Australian Macro Weekly 6 November, Mizuho AUD Weekly Update 10 November, ANZ Australian Morning Focus 13 November, Arculus

THE VIEW

Macro

Fuel is now driving inflation

Diesel and gasoline prices in both the United States and Australia are now the main force behind inflation. Oil remains volatile. WTI fell 6.1% to US$85.70 on Monday on hopes of an Iran settlement, then rose 4.1% to US$88.80 on Wednesday after President Trump said the US does not need a deal. Effective throughput through the Strait of Hormuz is still only 56% of pre-conflict levels, spare OPEC capacity is effectively exhausted and product inventories remain depleted, and ANZ expects prices to stay elevated for the rest of the year.

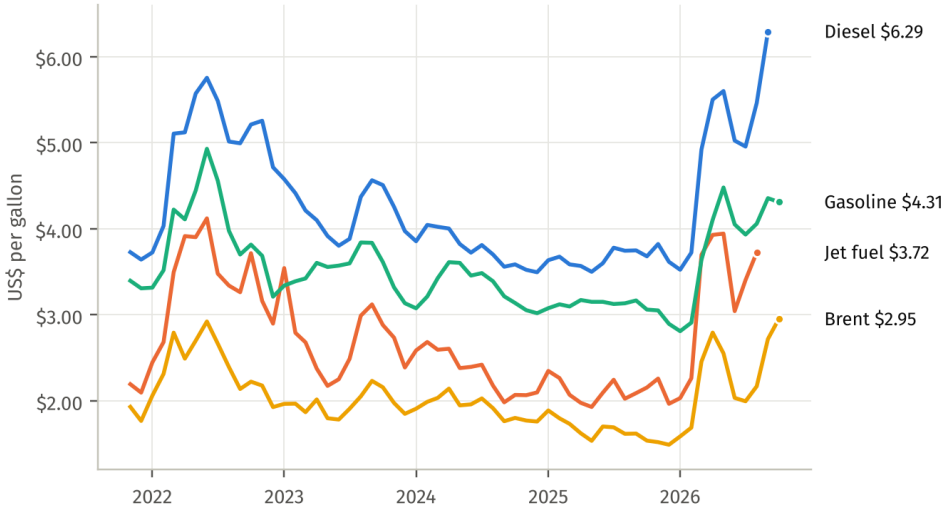
Fuel was already lifting Australian household spending in the September quarter. Goldman Sachs flags airline fuel hedges rolling off through 2027, which will push higher costs into fares, and in the US the Fed's attention has turned to demand pull inflation with supercore CPI at 0.42% in September.

Brent closed the week at US$96.05 a barrel, back above its 200-day average of US$93.71 after the sell off from about US$117 in late October, but still below the 50-day average of US$103.86. Holding above the 200-day keeps the floor under fuel prices that feed directly into transport and freight costs.



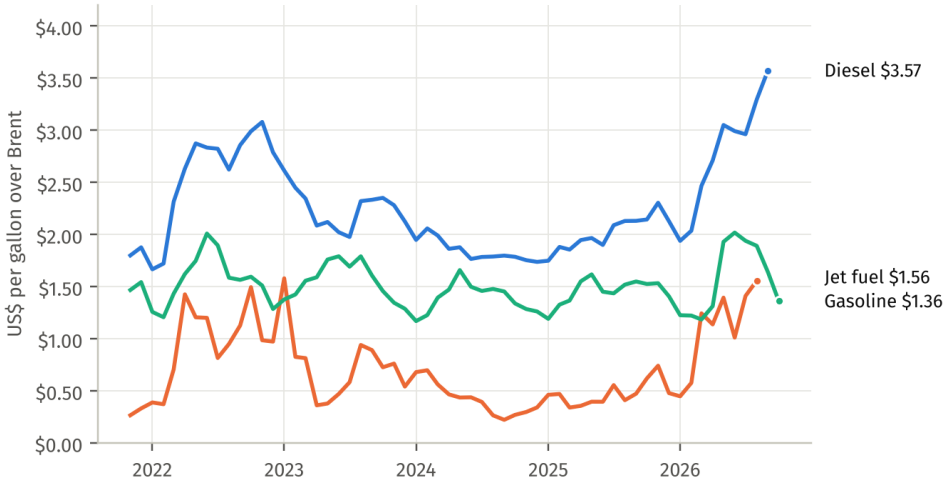
Brent crude oil spot, daily. Source StockCharts.com, Arculus

United States. US diesel is at a five year high. The retail average reached US$6.29 a gallon in September, 9% above the June 2022 peak of US$5.75 and up 67.8% on a year earlier. Regular gasoline averaged US$4.31 in October, up 40.8% on the year but still short of its June 2022 high of US$4.93, and jet fuel rose 84.0% over the year to August.



Diesel, jet fuel, gasoline and Brent, US$ per gallon, monthly average. Brent converted at 42 gallons a barrel. Diesel and gasoline are retail prices including taxes, jet fuel is the US Gulf Coast spot price. Source EIA, FRED

Distillates are unusually tight. Diesel now sells US$3.57 a gallon above Brent, against US$3.08 at its 2022 widest and about US$2.03 in February, which points to tight distillate supply on top of the crude move. The gasoline spread has gone the other way, narrowing to US$1.36 in October, so pump prices have not yet caught up with crude and further pass through is likely if crude holds near current levels.



Product price less Brent, US$ per gallon. Monthly average product price less the monthly average Brent price divided by 42. Source EIA, FRED

Motor fuel carries a weight of about 2.9% in US CPI, almost all of it gasoline, and energy as a whole about 6.3%. On those weights the 40.8% annual rise in gasoline adds about 1.2 percentage points to headline inflation on its own. Diesel and jet fuel feed through more slowly via freight, delivery and airline fares, which are core items, so the widening diesel spread matters more for core inflation than its small direct weight suggests.

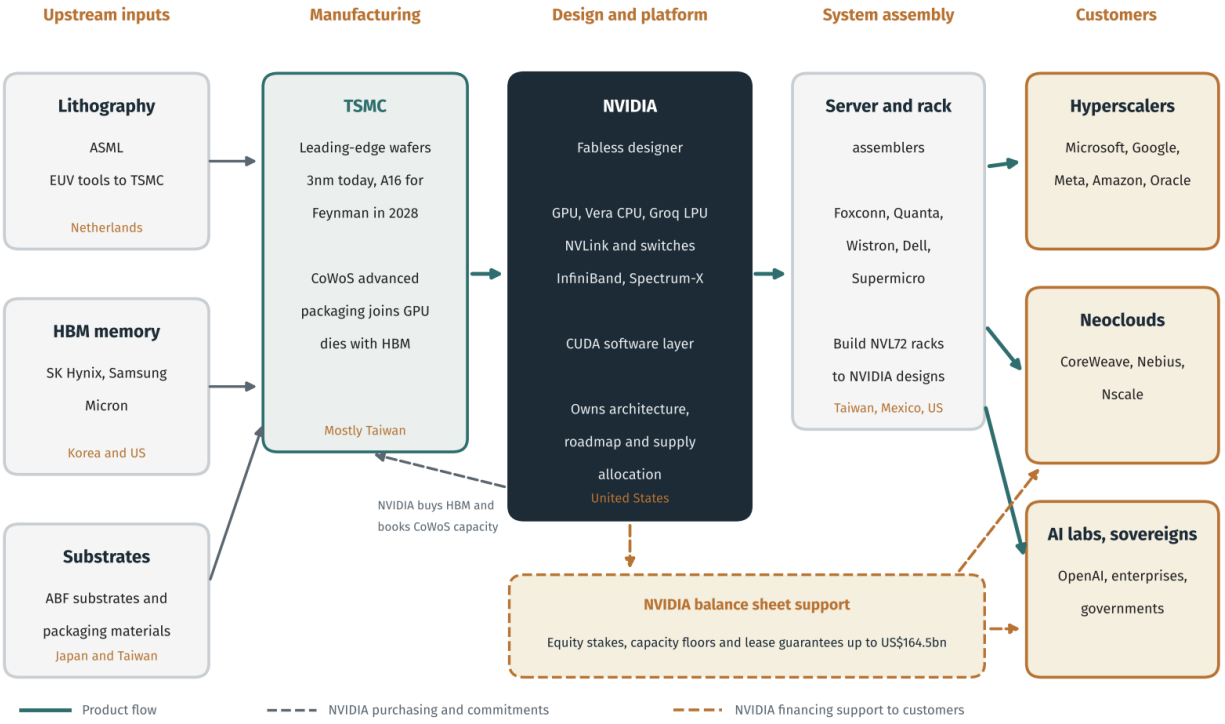
NVIDIA after its founder

Jensen Huang resigned as chief executive on 12 November after 33 years as NVIDIA's only CEO. Chief financial officer Colette Kress is interim CEO and long-serving director Harvey Jones has been appointed chair. A special committee of independent directors is investigating whether Huang was the target of a foreign intelligence operation linked to Megaspeed, which US authorities are investigating for smuggling NVIDIA chips into China.

On our numbers NVIDIA remains one of the strongest standalone balance sheets in global corporate credit. We have it generating close to US$200 billion of free cash flow in FY27 against gross debt of about US$32.5 billion, including the US$25 billion of notes issued in June, with a large net cash position in every forecast year. S&P rates it AA with a stable outlook.

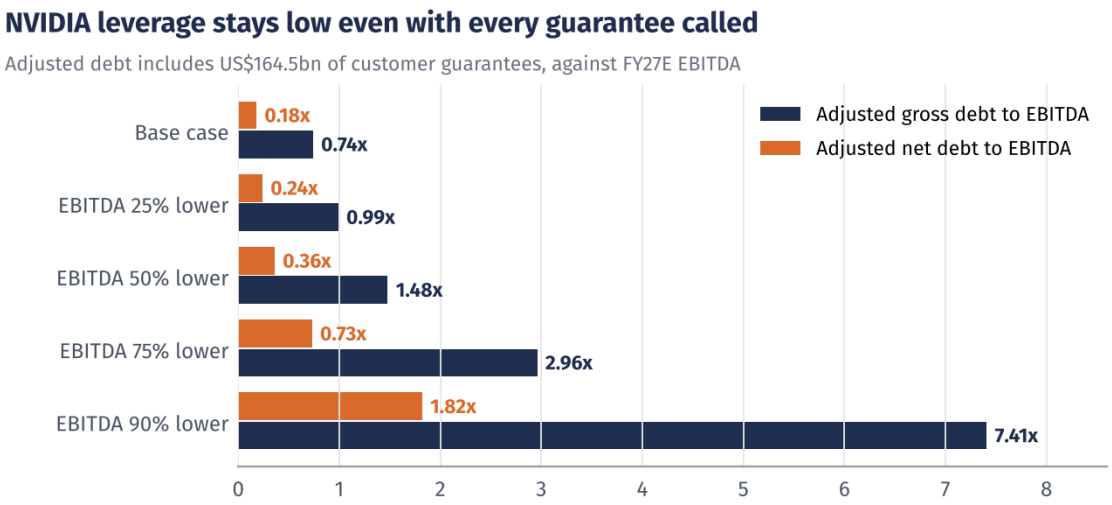
Position in the supply chain. NVIDIA sits at the centre of the AI hardware chain but owns almost none of its physical capacity. It designs the chips, networking and CUDA software, buys HBM and reserves TSMC CoWoS

packaging, and relies on contract assemblers to build its racks. Its control comes from owning the architecture and allocating scarce supply. The chain now also runs backwards, as NVIDIA uses its balance sheet to support the customers that buy its systems. The fabless model is its main strength and, with most leading-edge TSMC capacity in Taiwan, its largest single dependency.



NVIDIA position in the AI hardware supply chain. Source Arculus Capital, NVIDIA filings, company reports.

The credit question has moved from capacity to pay to event risk. NVIDIA has given customers guarantees, capacity floors and leases of up to US$164.5 billion, close to five times its gross debt, and five year CDS traded near 139 basis points in early November, a level more usual for a BB credit than an AA issuer. Even with every customer guarantee called, adjusted gross leverage stays below 1.5 times on a 50% fall in EBITDA.



Source Arculus Capital, Understanding NVIDIA, 15 November 2026, NVIDIA filings, LSEG

The contagion runs through the neoclouds. CoreWeave fell 9% and Nebius 16% in early trading on 13 November, and CoreWeave CDS has traded above 1,200 basis points. A neocloud that cannot pay its lease has also stopped buying GPUs, so guarantee calls and lost revenue would arrive together. Default risk at NVIDIA stays remote, but spread and headline volatility will persist through the internal investigation, the CEO search and the Commerce review. Third quarter results in late November are the next test.

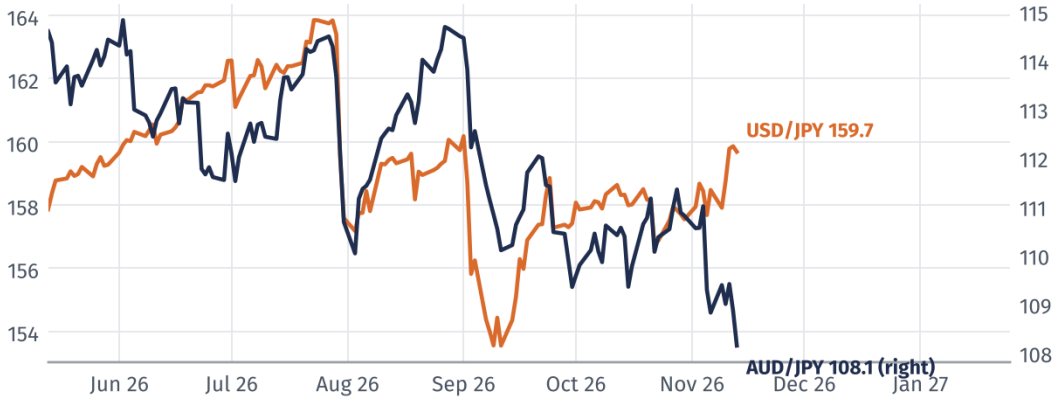
Yen weakness and carry trade risk

The yen is weakening again and the risk of a carry trade unwind is rising. USD/JPY rose to 159.7 on Friday, up from 153.5 at its 11 September low and within reach of 160, despite a 23 basis point rise in the 10-year JGB to 2.86%, because markets are pricing three to four Fed hikes and the gap between US and Japanese policy rates keeps widening.

Investors borrow cheap yen to fund higher yielding assets, and the trade works while the yen weakens. The risk is a sharp reversal. In 2024 the Japanese Ministry of Finance intervened to support the yen near 160, and the unwind in August of that year forced deleveraging across global equities and risk assets. The warning sign is AUD/JPY, which has fallen 2.9% since 28 October to 108.1 even though the yen itself is weaker. When the AUD falls faster than a weakening yen, carry positions funded in yen and held in currencies such as the AUD are already being cut.

A weaker yen and a falling AUD/JPY

Yen per US$ and yen per A$ on the right, daily, 13 May to 13 November 2026

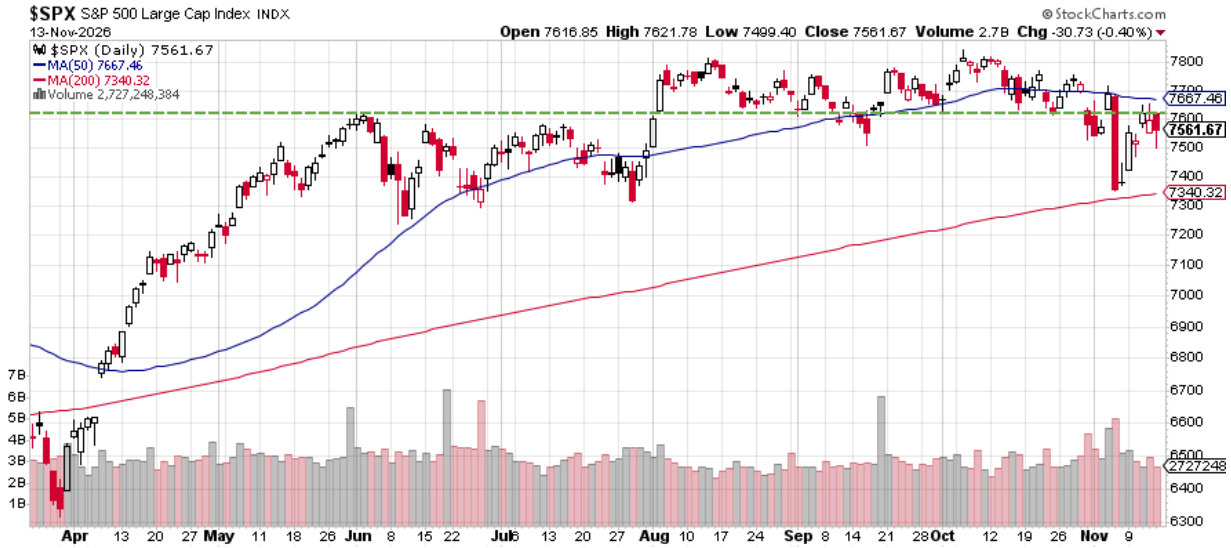


Source Refinitiv Datastream, Arculus

Japanese investors are among the largest offshore holders of Australian bonds, and a disorderly yen reversal would hit the AUD and offshore demand for ACGBs and A$ credit together. Rising JGB yields add to the pull back home.

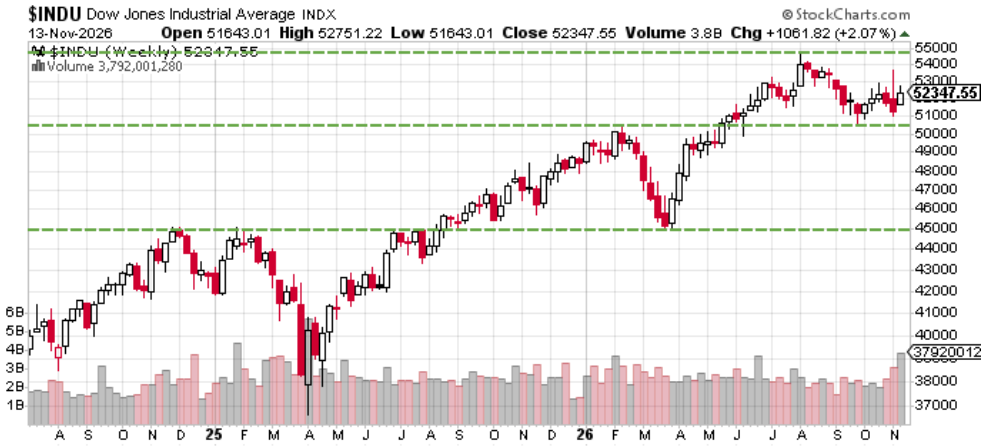
Equities

Equities recovered most of the previous week's damage. The S&P 500 closed Friday at 7,562, up 2.5% on the week, after a strong rebound on Monday when President Trump said further strikes on Iran were highly unlikely. It has moved well clear of its 200-day average of 7,340 but fell 0.4% on Friday after the NVIDIA news and remains below both the 7,600 level that was support until October and its 50-day average of 7,667.

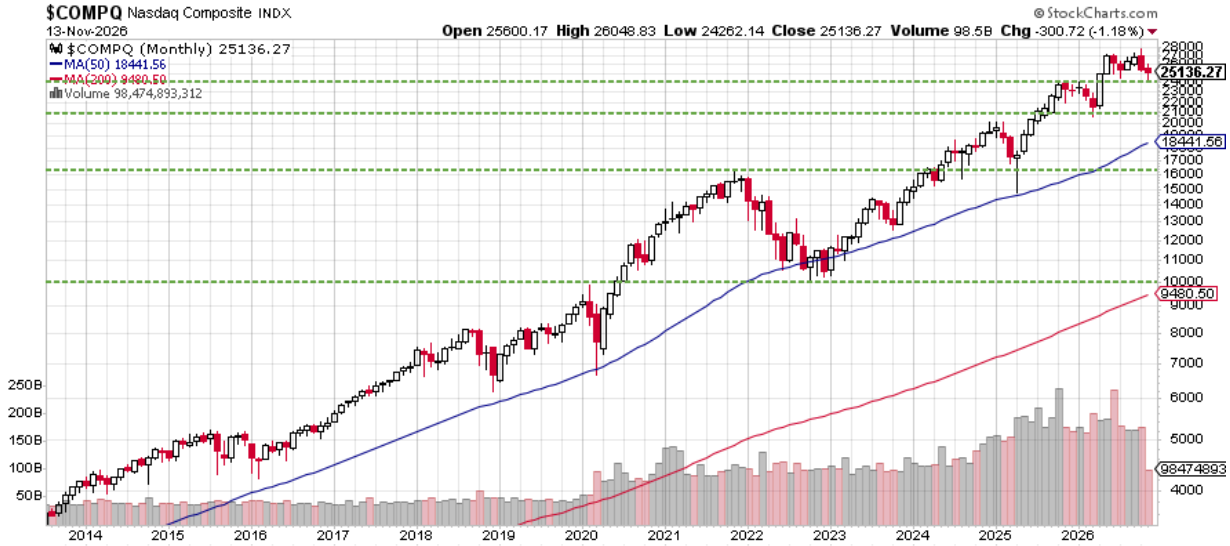


S&P 500, daily. Source StockCharts.com, Arculus

The Dow Jones rose 2.1% on the week to 52,348, holding above the 50,500 support. The Nasdaq Composite rose 2.3% on the week to 25,136 but is still down 1.2% for November after last month's outside month. Early on 13 November NVIDIA traded near US$162 and neocloud shares fell hardest.



Dow Jones Industrial Average, weekly. Source StockCharts.com, Arculus



Nasdaq Composite, monthly. Source StockCharts.com, Arculus

Gold rose to about US$4,128 an ounce on Monday, then fell below US$3,900 on Thursday as higher energy prices fed rate hike expectations and the DXY rose above 103. Copper fell to near its lowest since July, down from a record US$14,850 a tonne in September.

MONITOR

- **The Australian yield premium at minus 2 basis points,** down from 20 on 30 October as the AUD fell.
- **AUD/USD at 0.6772,** its lowest since May, and AUD/JPY at 108.1.
- **USD/JPY at 159.7.** A move through 160 raises the risk of intervention and a carry trade unwind.
- **90-day BBSW at 4.94%,** a new record, with the 180 less 90 spread back at 35 basis points.
- **US 10-year at 5.15%,** with three to four Fed hikes priced over twelve months.
- **NAB 36-31 Tier 2 at BBSW+148** after the 7 basis point rally on Thursday.
- **NVIDIA** third quarter results, the CEO search and the Megaspeed review.
- **Fuel prices** in the US and Australia as the driver of the next inflation prints.

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