HONEYWELL
CAPITAL

19th November 2026

Economics Briefing

Commodities: Underpinning the Australian Economy

IN THIS ISSUE

- Confidence rebounds
- Chart Attack
- Iran: oil near US$86
- Nvidia's revenue doubles
- Labour market and wages
- Economics Matters

Breaking news: unemployment rate hits 5 year high of 4.9%

Economics Briefing

YOUR WEEKLY UPDATE OF LOCAL AND GLOBAL ECONOMICS

Unemployment leads this week's Briefing. The jobless rate jumped to 4.9% in October, the highest since 2021, and economists are warning of recession. Robert also looks at mining's contribution to the Australian economy and why commodity prices, until recently, have surged in 2026.

Consumer confidence has rebounded, although it remains very weak. Chart Attack covers migration, defence spending, mining exports, foreign investment and superannuation.

Our Iran update looks at oil moving back towards US$86 a barrel as US-Iran tensions rise, while fears of an oil glut limit price rises.

Nvidia's revenue has doubled, but export risks are mounting. The Westpac-Melbourne Institute Leading Index points to lost momentum, while the Wage Price Index showed the strongest quarterly rise since 2023.

Economics Matters rounds up the week's data from Australia, the USA, Asia and the rest of the world.



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Sources and disclaimer
The figures in this Briefing come from sources including The Economist, the FT, Bloomberg, Reuters, CNBC, Yahoo Finance, Motley Fool, ANZ-Roy Morgan, Cotality, the ABS, the IEA, the AFR, the ABC, and the SMH. The data may measure different things and use different periods.

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Some visuals have been created with AI.

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Unemployment jumps

The jobless rate rose to 4.9% in October, the highest since 2021, and economists are warning of recession.

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Mining's contribution to the economy, and why the Bloomberg Commodity Index rose 33% in the first three quarters of 2026.

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ANZ-Roy Morgan consumer confidence rose 3.5pts to 66.6, but remains very weak, especially for those with a mortgage.

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Iran: oil near US$86

US-Iran tensions push crude back towards US$86 a barrel, but fears of an oil glut limit the rise.

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Nvidia's revenue doubles

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Key numbers this week

4.9%

Unemployment rate in October, the highest since 2021

33%

Commodity Index rise in the first three quarters of 2026

Unemployment at Five-Year High

October jobless rate jumps to 4.9%, the highest since 2021



Robert Moore
Senior Economist

4.9%
unemployment rate in October, up from 4.7% in September

11.3%
youth unemployment (15–24), a five-year high

-43,500
change in the number of employed people

66.6%
participation rate, down 0.2 percentage points

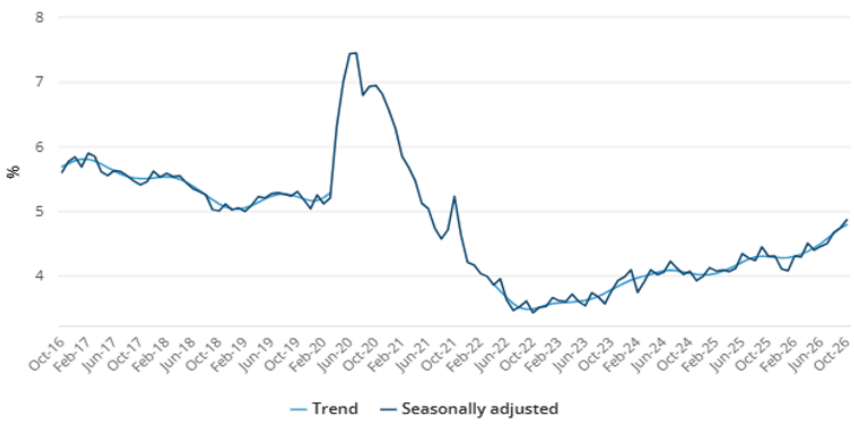
October labour force data

The ABS, on Thursday, released data on the labour force for October showing the unemployment rate increased to 4.9%, up from 4.7% in September. This is the highest unemployment rate since October 2021. Financial markets had expected the jobless rate to be steady at 4.7%.

Other findings include:

- Victoria's jobless rate is up 0.3 points to 5.4 per cent, the highest since June 2018.
- There were 43,500 less employed people and 17,800 more unemployed people.
- The youth unemployment rate (for people aged between 15 and 24) rose to 11.3% from 11.1% in September. This is the highest it's been in five years.
- Full-time jobs were down by 2900, and part-time jobs were down by 40,600.
- The participation rate (the percentage of adults working or actively looking for work) decreased 0.2 percentage points to 66.6%. This decrease is often associated with higher numbers of discouraged workers.

Unemployment Rate



Source: ABS, Labour Force, Australia. Trend and seasonally adjusted, October 2016 to October 2026.

A weak labour market

The data confirm the general weakness in the Australian labour market, amid high-profile layoffs at Qantas, NAB, and Bunnings, while retailers such as General Pants and David Jones are retrenching workers as they enter voluntary administration.

The result reduces the chance of further interest rate rises. UBS now expects the Reserve Bank to cut rates in August 2027.

Further, this uptick in unemployment could lead to a further depreciation in the Australian dollar.

> ***'Historically, this deterioration in unemployment results in a recession – the RBA will not hike again.'***
>
> Andrew Lilley, chief interest rate strategist, Barrenjoey (AFR)

Sources: Australian Bureau of Statistics; AFR; UBS.

UNEMPLOYMENT AT FIVE-YEAR HIGH (CONTINUED)



Robert Moore
Senior Economist

5.4%
Victoria's jobless rate, the highest since June 2018

+17,800
more unemployed people

-40,600
part-time jobs (full-time down 2900)

Aug 2027
when UBS now expects the Reserve Bank to cut rates

Reactions

• The Treasurer, Jim Chalmers

'These figures show the very real and serious pressure that Australians are under right now. Given higher interest rates and the challenges coming at us from around the world, it's unsurprising to see unemployment tick up, but that doesn't make it any less of a concern to Australians.'

The unemployment reading, along with slumps in business and consumer confidence, has economists concerned.

• HSBC chief economist Paul Bloxham:

'The economy looks to be weakening quickly, and seemingly more quickly than the RBA had been forecasting.' Further, 'Recession is clearly a concern. Stagflation is also a concern. That is, stagnant growth and high inflation at the same time. It is becoming increasingly clear that this is the state the economy is in right now.'

Recession fears

• The AFR reports Andrew Lilley, chief interest rate strategist at Barrenjoey as saying:

'Historically, this deterioration in unemployment results in a recession – the RBA will not hike again.'

• Betashares chief economist David Bassanese:

'Given weak productivity growth, negative employment growth suggests GDP growth has already turned negative.' Further, 'Consecutive large employment declines might suggest the economy already has one foot in recession.'

> ***'Recession is clearly a concern. Stagflation is also a concern.'***
>
> Paul Bloxham, HSBC chief economist

What it means

01 Rate rises less likely

The result reduces the chance of further rate rises. UBS now expects the Reserve Bank to cut rates in August 2027.

02 Recession risk

Economists warn of recession and stagflation, and that the economy may already have one foot in recession.

03 A weaker dollar

The uptick in unemployment could lead to a further depreciation in the Australian dollar.

Sources: Australian Bureau of Statistics; AFR; HSBC; Barrenjoey; Betashares; UBS.

Commodities: Underpinning the Australian Economy



Robert Moore
Senior Economist

Mining is a huge contributor to the Australian economy.

$3.1tr
resources export revenue, 2015-16 to 2024-25

$279.9b
in mining wages over the same decade

50%
of company tax paid comes from mining

$839b
taxation revenue, all levels of government, 2024–25 (ABS)

Exports, wages and government revenue

The Minerals Council of Australia notes that in the decade 2015-16 to 2024-25 the industry contributed $3.1tr in resources export revenue and $279.9b in mining wages.

Table 3. Mining royalty and company tax payments, FY16-FY25

$ billion	FY16	FY17	FY18	FY19	FY20	FY21	FY22	FY23	FY24[a]	FY25[a]	Total
Royalties	7.9	11.1	11.8	13.9	15.0	16.7	23.9	31.5	26.9	20.2	179.0
Net company tax	5.1	10.8	14.5	20.2	23.0	30.9	40.8	42.3	36.9	28.7	253.2
Total[b]	13.0	21.9	26.3	34.2	38.0	47.6	64.7	73.8	63.8	48.9	432.2

Source: Australian Taxation Office, State/Territory budget papers, EY estimates

[a] Estimate for FY25 is calculated using historical effective tax rates based on ABS mining profit data and ATO company tax collections. These historical relationships are applied to ABS estimates of mining industry profits to derive an indicative company tax outcome for FY25.

[b] Totals may not add up to individually reported items due to rounding.

The mining industry has also made significant contributions to government revenues. Royalties (paid to the states for the removal of a non-renewable resource) and company tax (a 30% Commonwealth tax on profits) have fallen in recent years but are higher over the decade. See the table above, published by EY Parthenon in July.

Company tax paid by mining companies is still around 50% of total company tax paid. The ABS reports that taxation revenue from all levels of government for 2024–25 was $839b.

Mining and the wider economy

The chart on the next page from independent economist Saul Eslake shows a rapid rise in the mining sector's contribution to GDP, employment, and share of total exports over the past 50 years. Note the China-led surge in the early years of this century. Oversupply and reduced demand for some commodities have contributed to recent falls.

Mr Eslake also highlights the contribution of mining to other sectors, noting that manufacturing has been a huge beneficiary.

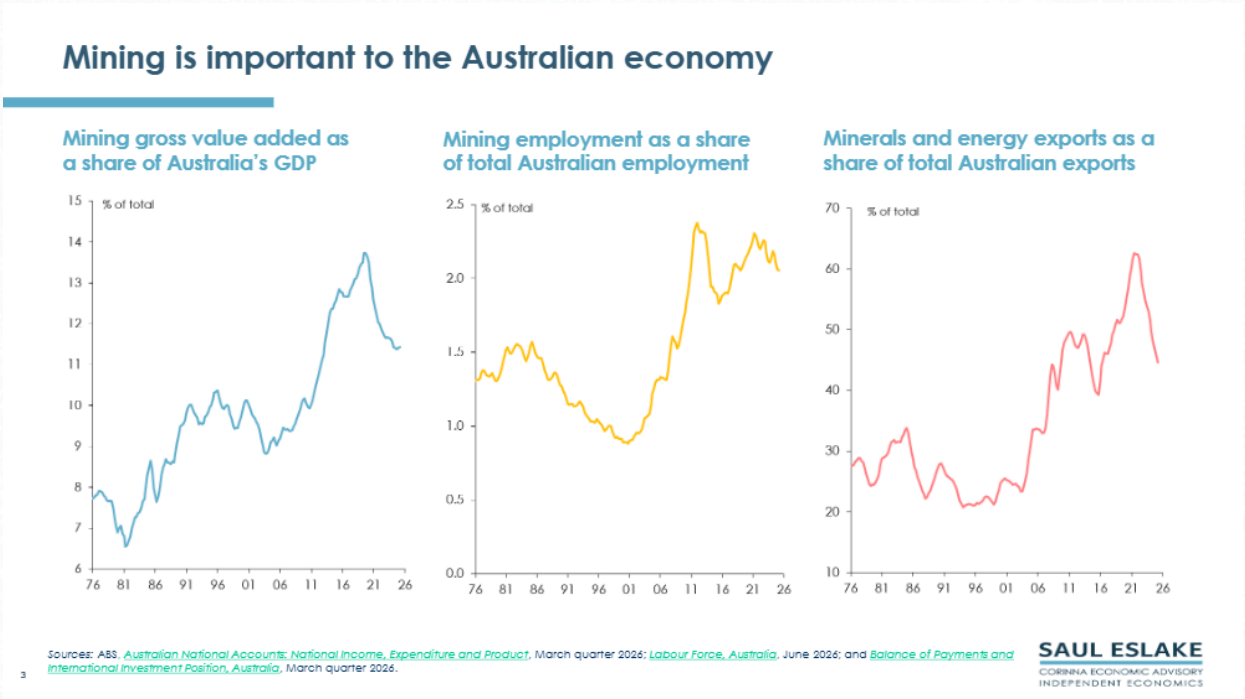
Mining still pays about half of all company tax.

EY Parthenon



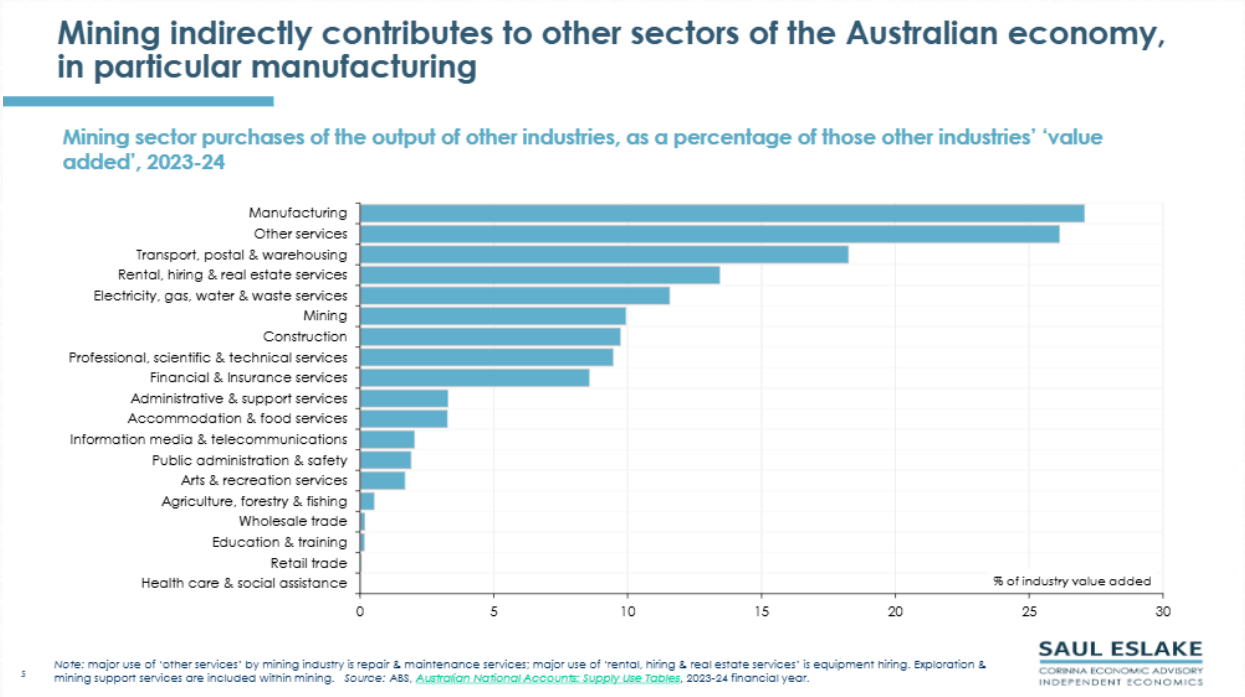
Commodities (continued)

Mining's rising contribution



Saul Eslake's chart above shows the rapid rise in the mining sector's contribution to GDP, employment and share of total exports, including the China-led surge early this century.

Mining and manufacturing



Mr Eslake also highlights the contribution of mining to other sectors, noting that manufacturing has been a huge beneficiary.

Sources: Minerals Council of Australia, EY Parthenon, Saul Eslake, Bloomberg, AFR.

Commodities (continued)

Commodity prices

Bloomberg notes the recent robust performance of commodities: 'Commodities have been among the strongest-performing asset classes in 2026 amid inflation, supply disruptions, weather-related pressures and heightened geopolitical uncertainty. This has been reflected in the performance of the Bloomberg Commodity Index, a broadly diversified benchmark of commodity futures, which rose 33% through the first three quarters of 2026.' The energy sector drove the performance in the first half of the year, rising 38.7%.



Mining stocks

The rise in commodity prices has underpinned a surge in the S&P/ASX 300 Metals & Mining (XMM) index. The chart below shows an upward trend in prices for much of 2026 after four years of relative stability.

There have, however, been recent falls in mining stocks, particularly those linked to the AI boom. Fear of more regulation from a Democrat-controlled Congress and a leadership crisis at Nvidia, in the broader context of faltering Chinese growth, have prompted a re-evaluation of key AI-related commodities, including copper, which has had a fifth weekly loss, the longest downward trend for nearly two years.



> ***'Volatility creates opportunity. Value is emerging across the resources universe.'***
>
> David Franklyn, Argonaut's Natural Resources Fund, quoted in the AFR on the 'irrational' sell-off

In our next Briefing we will examine where the commodity market may be headed, considering possible hurdles (economic, environmental and social) along with factors that may support the resource sector.

Sources: Minerals Council of Australia, EY Parthenon, Saul Eslake, Bloomberg, AFR.

Rebound in Consumer Confidence



Robert Moore
Senior Economist

ANZ-Roy Morgan: a rebound, but confidence is still weak

66.6
ANZ-Roy Morgan index (below 100 means pessimism outweighs optimism)

+3.5pts
rise in confidence in the latest week

5.9%
weekly inflation expectations, steady

12th
lowest level since the series began in 1973

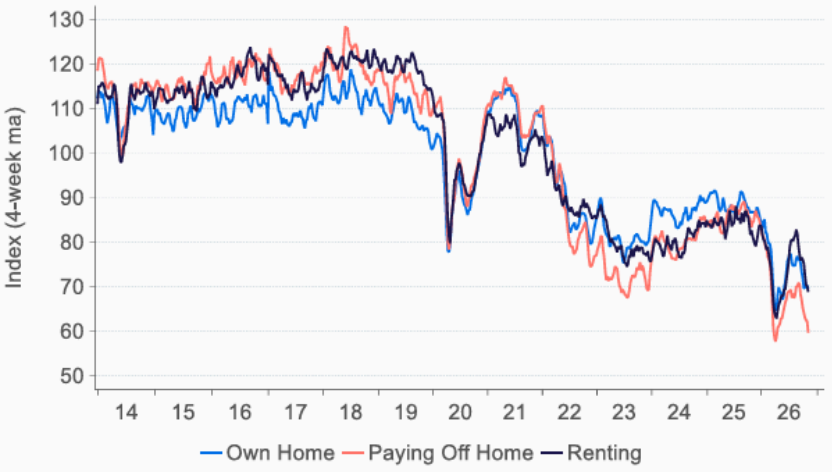
Survey findings

The ANZ-Roy Morgan Consumer Confidence survey was released on Tuesday. Findings include:

- A rise in consumer confidence of 3.5 percentage points (pts) to 66.6 (a number below 100 indicates pessimism outweighs optimism).
- Weekly inflation expectations were steady at 5.9%.
- Expectations improved, with 'current financial conditions' (over the last year) increasing 5.0pts, while 'future financial conditions' (next year) improved 5.0pts.

Confidence by housing cohort

Figure 1. Four-week moving average of consumer confidence, by housing cohort



Source: ANZ-Roy Morgan, Macrobond, ANZ Research

Trends in consumer confidence are shown above, with those paying off their home having significantly weaker confidence since the RBA began raising interest rates.

What ANZ says

ANZ economist Sophia Angala commented: 'Confidence rose 3.5pts to 66.6pts last week, more than reversing the fall in the week prior following the RBA's decision to hike the cash rate to 4.85%. However, confidence remains very weak, with the series at its 12th-lowest level since the series began in 1973. Confidence improved across all housing cohorts, but mortgage holders remain the least confident.'

> ***'Confidence remains very weak.'***
>
> Sophia Angala, ANZ economist

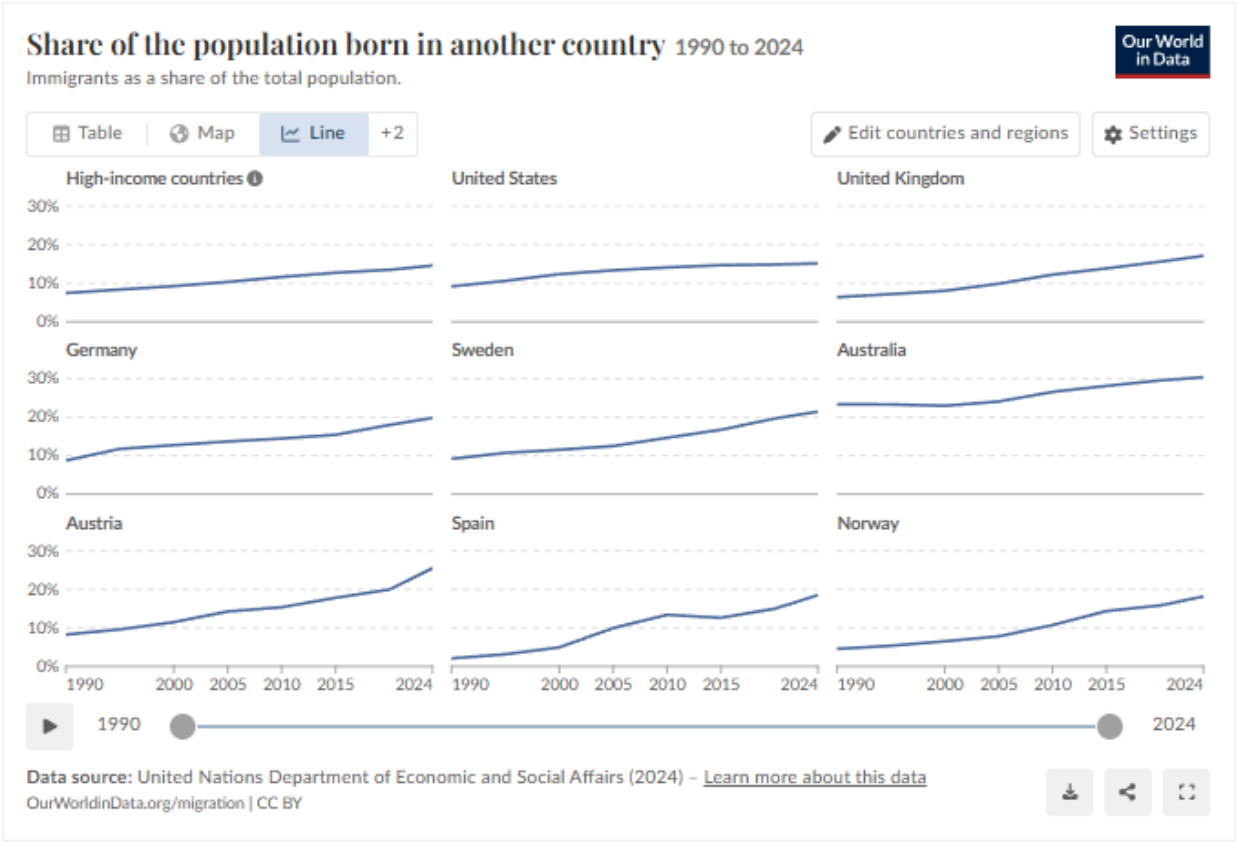
Sources: ANZ-Roy Morgan Consumer Confidence survey; ANZ.

Chart Attack



Robert Moore
Senior Economist

Australia's share of the population born in another country has increased since 1990 and is higher than in the selected countries shown below.



The SMH reports that Australians' superannuation is set to hit $5 trillion, or, on average, around $178,571 for every Australian. In the coming decades it will surpass the retirement pools of the UK and Canada to be the second-largest in the world, behind only the US.

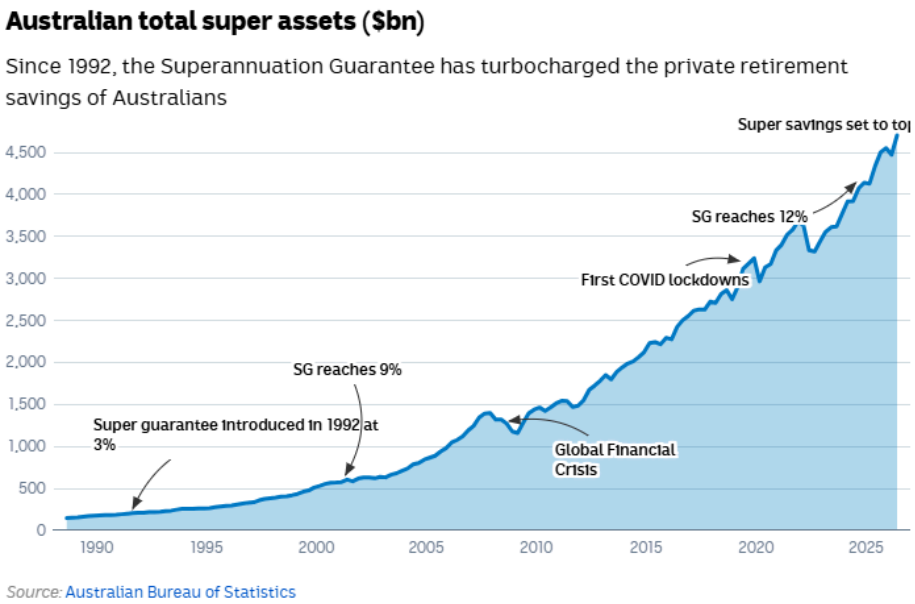
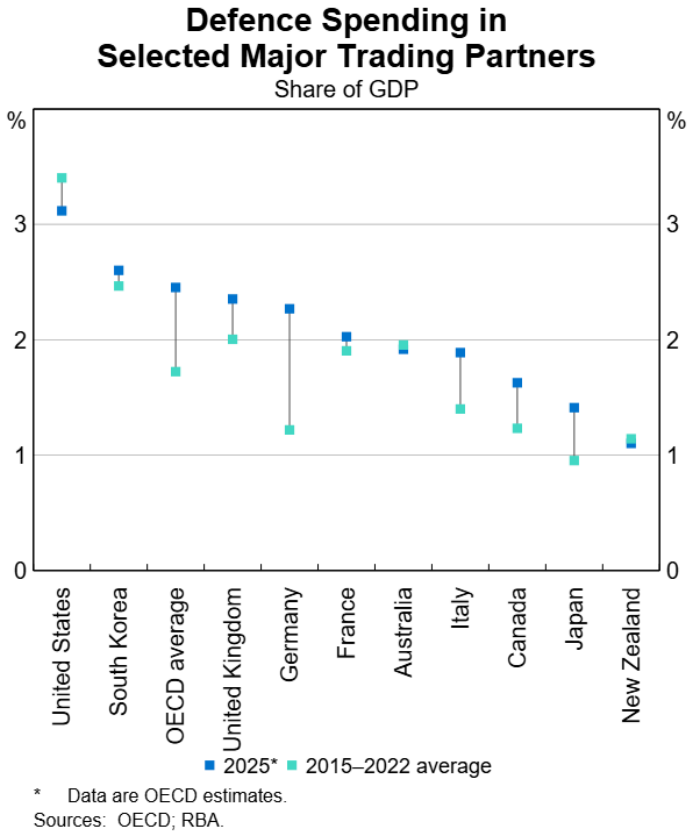
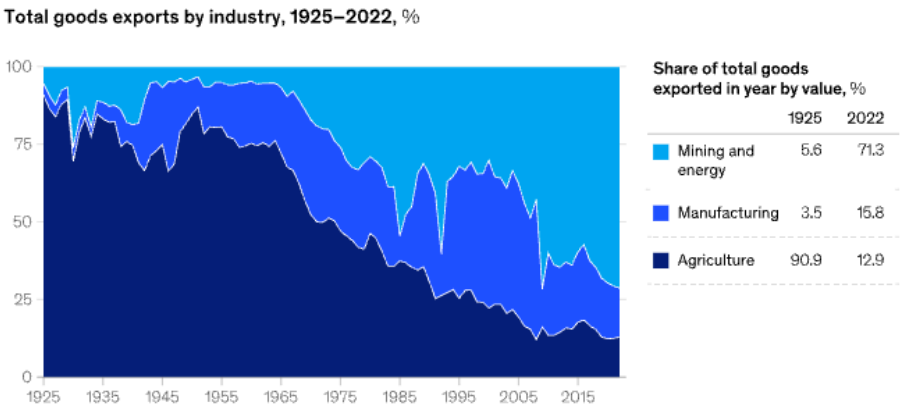


Chart Attack (continued)

The chart below, from the RBA, shows widespread increases in defence spending. The US is an exception. Global defence stocks have benefitted from this reset.



Great charts below from McKinsey show the increasing importance of our mining exports and our Asian trading partners.



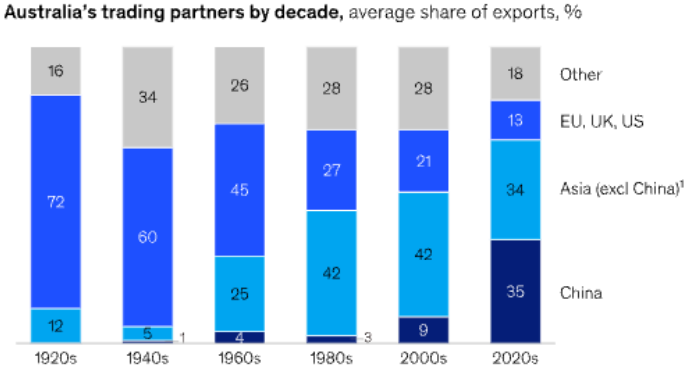
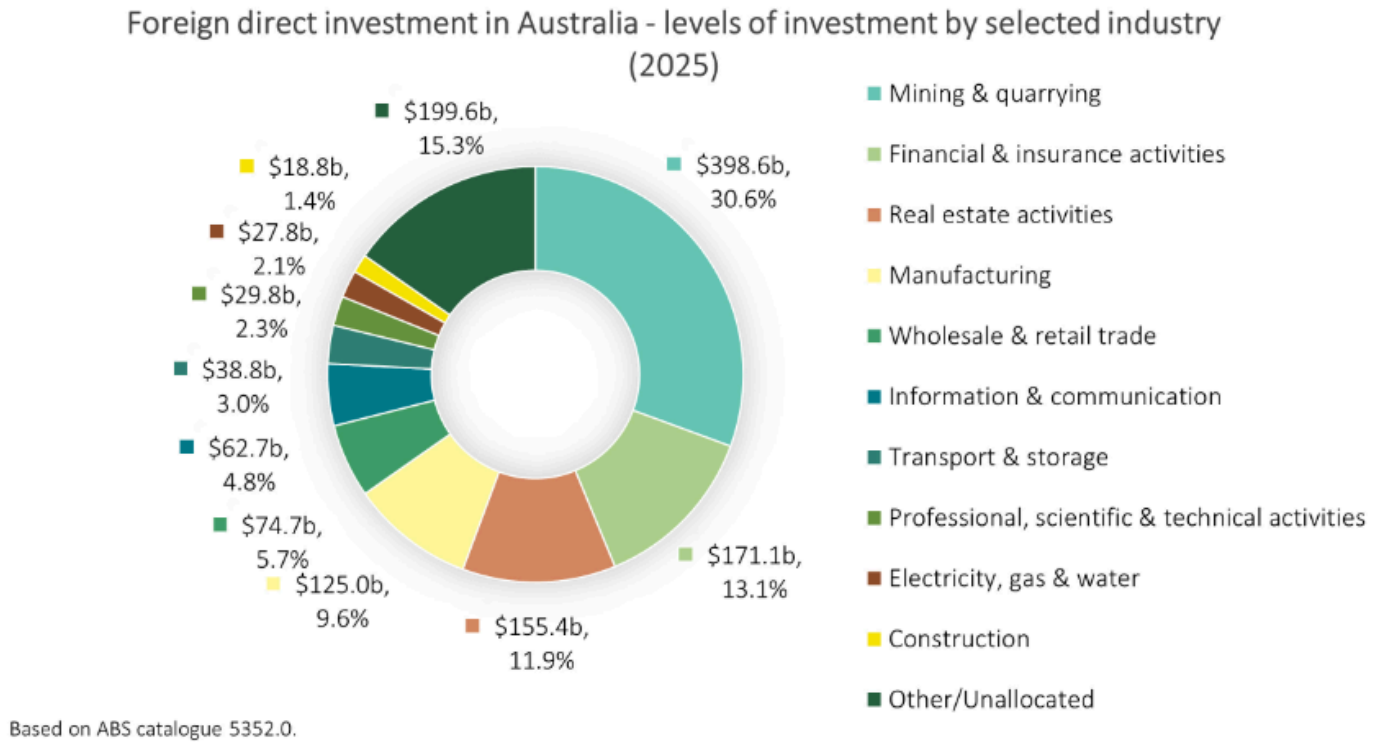


Chart Attack (continued)

The chart below from the Department of Foreign Affairs and Trade shows mining and finance are the two biggest recipients of foreign investment in Australia.

Australian industries and foreign direct investment



Source: Department of Foreign Affairs and Trade.

Iran: tensions push oil back towards US$86



Justin Mahoney
Training Officer

US$86
a barrel: crude oil is back towards this level

3
US aircraft carriers deployed

2m
barrels a day: the IEA's forecast oil surplus this quarter

Hormuz
Tanker attacks, fires and sea mines reported in the strategic shipping strait

Escalating US–Iran tensions have heightened fears of a wider Middle East conflict, pushing crude oil prices back towards US$86 a barrel.

US intelligence reportedly intercepted alleged Iranian plans to target senior Trump administration officials, potentially using chemical or radioactive weapons, although the credibility of these threats remains disputed and no imminent attack has been identified. Iran has denied the allegations.

Meanwhile, reported Iranian drone strikes on US military facilities in Bahrain prompted American retaliation against Iran's Qeshm Island, while the deployment of three US aircraft carriers further intensified tensions. Shipping through the strategically important Strait of Hormuz has also been threatened by reported tanker attacks, fires and sea mines, raising concerns about global oil supplies.

However, fears of an oil glut have limited price increases, with the IEA forecasting a surplus of around 2 million barrels per day this quarter and Goldman Sachs warning of potential oversupply next year.

BRENT OIL PRICE, 12TH TO 18TH NOVEMBER 2026



Nvidia's revenue doubles as export risks mount



Justin Mahoney
Training Officer

Nvidia beat market expectations in its third fiscal quarter, but the board has ruled out reinstating co-founder Jensen Huang and US scrutiny of chip export controls adds to the uncertainty.

US$115.8b
third-quarter revenue, up 103% and above the US$109b expected

US$107.6b
data centre revenue, up 110%, about 93% of the total

74.8%
gross margin, with net income up to US$65.3b

US$130b
fourth-quarter revenue forecast (plus or minus 3%), assuming no China data centre sales

A result above expectations

Nvidia reported third-quarter revenue of US$115.8 billion, up 103% from a year earlier and above the roughly US$109 billion analysts had expected. Its data centre division generated US$107.6 billion, up 110%, and accounted for about 93% of total revenue.

Nvidia posted a 74.8% gross margin, while net income more than doubled to US$65.3 billion.

Questions still unresolved

Bartholomeusz argues the results leave major questions about Nvidia's outlook unresolved. The board has ruled out reinstating co-founder Jensen Huang and is seeking a permanent successor.

Huang's departure puts his relationships with major customers and suppliers at risk, and US scrutiny of possible breaches of chip export controls adds to the uncertainty.

The outlook

For the fourth quarter, Nvidia forecast revenue of US$130 billion, plus or minus 3%. The quarter includes an extra week, and the forecast assumes zero data centre computing revenue from China.

Stephen Bartholomeusz reports Nvidia also lifted its fiscal 2028 revenue growth forecast from 70% to 75%. Interim CEO Colette Kress signalled Nvidia would be more selective in financing emerging cloud providers, with lower-rated customers expected to secure their own clients before receiving support.

Export risks and big commitments

Tighter licensing requirements could reduce Nvidia's sales to South-East Asian data centres that serve Chinese customers, and put pressure on the lenders backing those projects.

The column also highlights US$390 billion in procurement commitments, including US$203 billion next year. These secure supplies for Nvidia's planned growth, but increase its exposure if demand weakens.

> *“Nvidia shot the lights out in the third quarter and its acting CEO Colette Kress is promising even more next financial year.”*
>
> Stephen Bartholomeusz, The Sydney Morning Herald, 18 November 2026

LABOUR MARKET AND INTEREST RATES DRAG ON MOMENTUM



Robert Moore
Senior Economist

-0.14%
Leading index growth rate in October

+0.06%
growth rate in September

4
components dragged on the index

H1 2027
when the index points to a loss of economic momentum

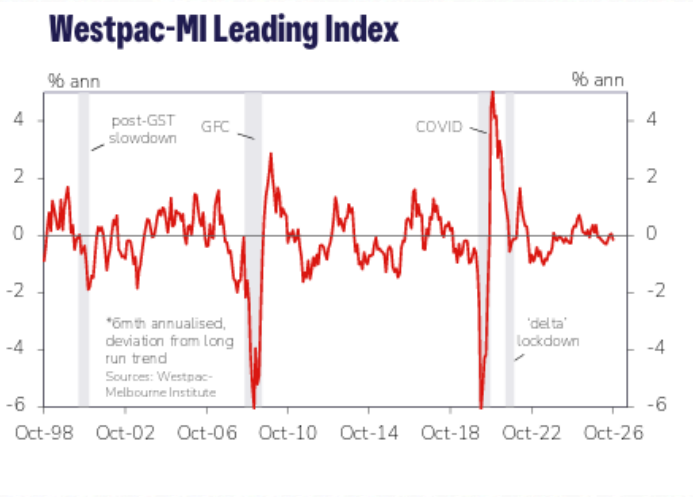
What the index showed

The Westpac-Melbourne Institute Leading Economic Index for October was published on Wednesday. The index combines a number of variables that reflect several aspects of the economy into a single index.

The growth rate declined to -0.14% in October from +0.06% in September. After two steady months, the growth rate has dropped back below trend, pointing to a loss of economic momentum in the first half of 2027 (see chart).

Four components dragged on the index: a fall in total hours worked, lower commodity prices, higher interest rates and rising job fears.

Leading index growth rate



There were some positives. Consumer expectations, while still negative, were higher, and there was support from local equity markets and a small rise in dwelling approvals.

> ***"Overall, the component mix shows labour market conditions and tightening monetary policy have become more prominent drags on momentum."***
>
> Matthew Hassan, Head of Australian macro forecasting

Highest quarterly wage growth since 2023



Robert Moore
Senior Economist

The ABS released the Wage Price Index (WPI) on Wednesday. Wages rose 1.1% in the September quarter, the strongest quarterly growth since the December quarter 2023.

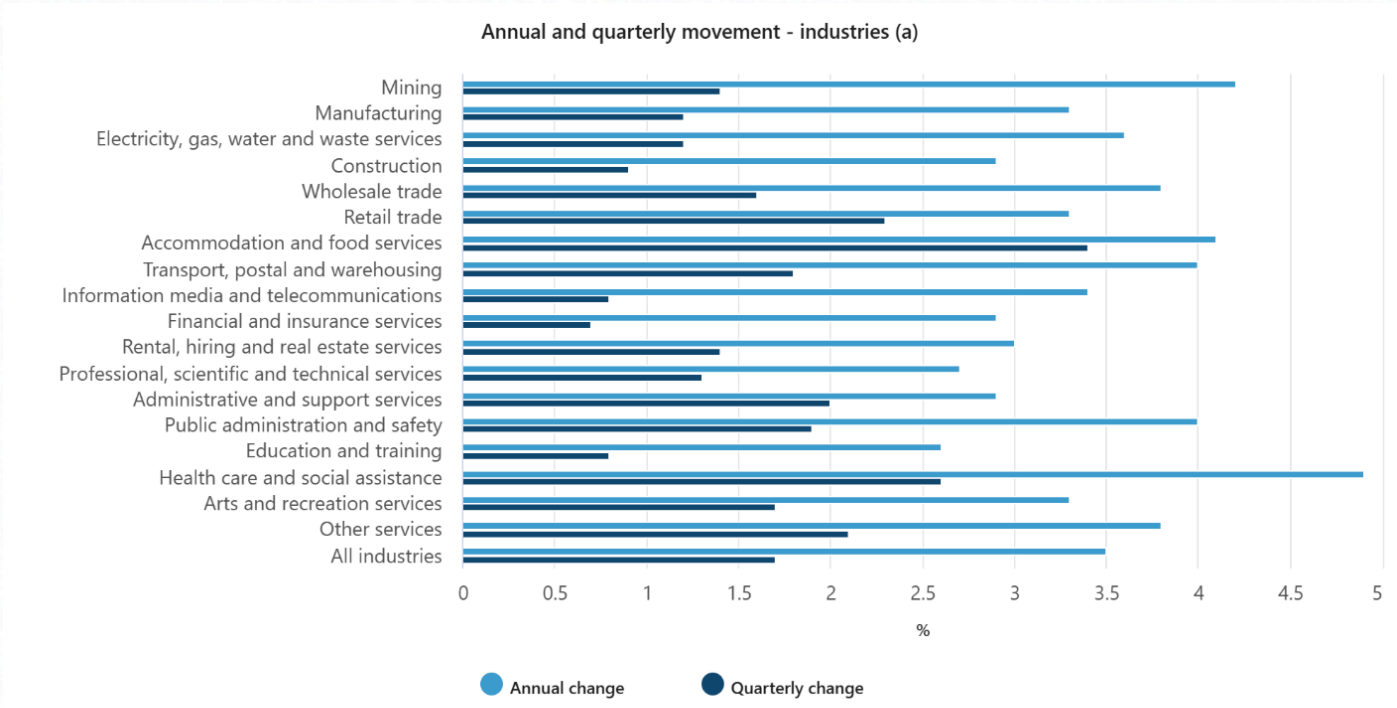
Annual wage growth was 3.5%, up from 3.4% a year earlier, though still well below the 4.3% peak in late 2023.

The result was welcomed by the government and unions. But with inflation persistent, it reduces purchasing power less than it adds to cost and price pressures, just as Treasurer Jim Chalmers has committed to government spending cuts to reduce inflation.



Private sector wages rose 1.0% in the quarter and public sector wages 1.3%, the seventh quarter in a row that public wages outpaced private. Over the year, public wages rose 3.9% and private wages 3.4%.

Wages in health care and social assistance and in accommodation and food services were boosted by changes to minimum wages and classifications.



a. Index series is original, total hourly rates of pay excluding bonuses.

Source: Australian Bureau of Statistics, Wage Price Index, Australia September 2026

> ***"At 1.1 per cent, this is the strongest quarterly wage growth since December quarter 2023."***
>
> Rachael McCririck, ABS head of prices statistics

ECONOMICS MATTERS

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19 NOVEMBER 2026



AUSTRALIA



01 Inflation expectations still elevated

Consumer expectations of inflation were steady at 5.3% in November, remaining at their highest level since June.

02 RBA dissenters concerned about lifting rates for the fifth time

In minutes released on Tuesday, three of the nine RBA board members who argued against a rate rise earlier this month feared a 'materially sharper downturn', believed it was 'prudent to leave more time', and 'placed somewhat less weight than the other members on the upside risks to inflation and somewhat more weight on the downside risks to economic growth'.





03 Increased international travel

In September, short-term visitor arrivals were up 1% compared with September 2025, with New Zealand the largest source country, followed by China and the US. The number of Australians travelling overseas rose 1.5%. Leading destinations were Indonesia, New Zealand and the UK. Short trips to the US were down 28% over the past two years.

04 Lower auction success rates despite fewer auctions

Cotality reports national auction clearance rates have dropped to their lowest level since Australia's first COVID-19 lockdowns, plunging 44% even though the number of auctions scheduled in capital cities is 41% below the level of a year ago.





05 We're using more desalinated water

Data from the ABS shows desalinated water supplied by water utilities increased 16% in 2024–25 compared with the previous year. SA had the strongest growth, while WA remained the largest user of desalinated water. Desalinated water accounts for only 1.2% of national water consumption but is one of the fastest-growing water sources.

06 Super funds to have more investment options

The government has announced changes that will allow more of superannuation funds' $4.8 trillion to be invested in nation-building initiatives and riskier investments in venture capital, renewable energy and affordable housing sectors. The allocation is expected to be limited to 5% of a given fund's total portfolio.



Robert Moore | Senior Economist

ECONOMICS MATTERS

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USA



01 | Producer prices up less than expected

US producer (factory gate) prices rose just 0.3% in the month of October 2026, below market expectations of 0.4%, largely reflecting reduced energy price pressures.

02 | Increased production

US industrial production increased 2.1% in the year to October, supported by gains in mining (2.4%), manufacturing (2.2%) and utilities (1.7%). This matched September's pace, which is the biggest rise in over four years.





03 | Retail sales up

US retail sales rose 0.2% in October. Higher spending at miscellaneous retailers (4.7%) and gasoline stations (1.5%) was partly offset by falls in motor vehicles (-1.6%) and sporting goods and hobby stores (-0.7%). Excluding motor vehicles and gasoline, sales were up 0.5%. Consumer demand remains mixed, with a strong labour market and stock market helping households deal with higher living costs.

04 | Ageing technology brings air travel to a halt

Air travel was grounded as a data overload on an antiquated Federal Aviation Administration network stalled trips for hundreds of thousands of travellers. The Federal Aviation Administration found the disruption originated from a single router located in southern Arkansas.





05 | Fewer Fed meetings

Fed Chairman Kevin Warsh plans to reduce the number of interest-rate decisions to six in 2028. Mr Warsh believes central bankers talk too much and focus too much on the most recent data.

06 | Foreigners big buyers of US shares

The FT reports: 'So far this year, 80 per cent of global equity flows have gone into the US market, double the long-term average. No other country has ever drawn such a large share.' Foreign buyers have expanded their share of the stock market to almost 20%.



Robert Moore | Senior Economist

ECONOMICS MATTERS

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19 NOVEMBER 2026



ASIA



01 China's new home prices continue to fall

Across 70 cities, prices fell 2.8% over the year to September 2026, marking the 39th consecutive month of annual contraction. However, the pace of decline was the slowest in a year.

02 Production higher but investment lower in China



China's industrial production grew 5.5% in the year to September. This was the strongest growth since March, as mining and manufacturing expanded. However, China's fixed-asset investment dropped by 8.1% over the year in the January–October 2026 period, worse than market expectations. Weak property investment remained the primary drag.



03 China's retail sales higher

Sales were up 1.1% in the year to September, above the expected 0.5% gain. This was the biggest rise since March, supported by a 31.1% surge in communication equipment sales. However, car sales fell 21.2%.

04 Producer price inflation (PPI) higher in Japan



Factory gate prices were up 7.1% in the year to October, reflecting higher raw material, energy and import costs amid a weaker yen. Over the month, PPI was up 0.7%.



05 Growth stalls in Japan

Growth stagnated at 0% in the third quarter following a 0.4% expansion in the previous three months. Household consumption fell, while net trade also dragged due to higher imports and subdued external demand.

06 Booming South Korean exports



Sales to foreigners reached $115b in October, up 94% from a year earlier. Semiconductor sales continue to surge, as AI firms maintain demand for memory chips produced by Samsung Electronics and SK Hynix.

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ECONOMICS MATTERS

Honeywell Capital

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INTERNATIONAL



01 | Eurozone trade deficit widens

A 2.3% monthly rise in imports outpaced a 2.0% increase in exports, causing the Eurozone's goods-trade deficit to widen to €8.7b ($A14b) in September from €7.8b in August. Higher prices for fossil fuels were the biggest contributor to higher import costs.

02 | Lower unemployment in the UK

The unemployment rate fell to 4.6% in the three months to September, marking the lowest level since the three months to April.



03 | Lift in services boosts the UK's GDP

Britain's economy grew by 1.9% in the third quarter compared with the same period a year earlier. For the three months to September, the economy expanded 0.7%. The services sector was the biggest contributor.

04 | UK rates could go higher

After raising interest rates last week, Clare Lombardelli, a member of the Bank of England's Monetary Policy Committee, said that unless inflationary pressures weaken, interest rates may rise again 'in the near term'. Rates were raised to 4%, the first increase in more than three years. The National Institute of Economic and Social Research believes rates need to be around 5% to tame inflation.



05 | High youth unemployment fuels protests in India

While overall unemployment fell to 4.9% in October, unemployment for Indian graduates aged 25 to 29 hit 20% and now sits at 40% for those under 25. High youth unemployment has fuelled protests which threaten PM Narendra Modi, who has ruled India for more than 12 years.

06 | AI agents go shopping

The WSJ reports personal AI assistants are making purchases on behalf of cardholders, '…raising concerns about fraud, returns and legal risks'. Stripe is employing agentic purchasing, but JPMorgan Chase is blocking some agentic purchases and is wary of the technology.

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