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Australia: RBA set to lift rates to 18-year high level, at 4.85%, tomorrow

Australia’s central bank is widely expected to make its fifth hike of 2026 on Tuesday, as war-driven energy costs push inflation higher. A move would take rates to their highest since 2008.

By **Manasee Kurlekar** | November 2, 2026



Australia is about to pay its share of the Gulf war’s energy bill in its mortgage rate.

All four major banks expect a 25bp rise to 4.85% on 3 Nov, which would be the highest cash rate since November 2008. September headline CPI was 4.3% YoY and trimmed mean was 3.6%, both above forecasts. Markets price about a 78% chance of a hike. CBA calls it an “insurance hike” against Middle East, AI-boom and capacity risks. ANZ sees a real risk of a further move to 5.10% in December or February.

The RBA is thus expected to raise rates on Tuesday for the fifth time this year, to 4.85%, the highest since late 2008.

The RBA also releases new forecasts with the decision.

September inflation was 4.3%, and energy and transport costs are feeding into services. All four big banks are calling a hike, and ANZ warns 5.10% could follow by February. It is a reminder that oil at $110 is not just an energy story. It sets interest rates too.

Read online: https://worldbusinesswatch.com/news/17/357/australia-rba-set-to-lift-rates-to-18-year-high-level-at-4-85-tomorrow.html
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