FX QUANT SERIES · 4 OF 6

AUD/USD: A Quantitative Review

hawkish RBA, weak month

The Australian dollar is still up for the year, helped by the most hawkish central bank in the G10, but it has lost almost 4 per cent in a month. This note looks at the trend break, the record-low volatility and the role of risk appetite.

Global Markets Research · FX Quantitative Strategy Desk Prepared by ANDRA MARKETS

+3.9% YTD, −3.8% 1m

Coverage summary. AUD/USD fixed at 0.6944 on 8 October, 3.9 per cent above the end of 2025 but 3.8 per cent lower than a month ago, and below both its 50-day and 200-day averages. The Reserve Bank of Australia raised its rate to 4.60 per cent on 29 September, its fourth increase this year and the highest level since 2011, so Australian two-year yields are now slightly above US ones. Yet the currency has fallen, as investors focused on the stronger dollar and on risk appetite. One-month volatility of 4.8 per cent is the lowest in at least ten years.

AUD/USD, 8 Oct	1m realised vol	RBA cash rate	Correlation with S&P
0.6944	**4.8%**	**4.60%**	**+0.39**
+3.9% YTD	*lowest in 10 years*	*4th hike in 2026*	*weekly, 52 weeks*

Exhibit A. Quantitative dashboard: AUD/USD

Metric	Value	Context
Spot (8 Oct, ECB reference)	0.6944	end-2025: 0.6683
Return 1 week / 1 month	-0.1% / -3.8%	3 months: +0.3%
Return YTD / 12 months	+3.9% / +5.6%	
52-week range	0.6445 to 0.7257	position: 61% of range
50-day / 200-day average	0.7091 / 0.7030	spot -1.2% vs 200-day
z-score vs 1-year mean / RSI(14)	+0.1 / 31	
Realised vol 1m / 3m / 1y	4.8% / 5.6% / 7.7%	1m at a 10-year low
Skew / excess kurtosis (1y daily)	+0.12 / 0.4	fat tails if kurtosis > 1
Daily 95% VaR (historical, 1y)	-0.79% / +0.86%	down / up tail
Variance ratio (5-day) / autocorr.	1.01 / -0.02	>1 trending, <1 mean-reverting

Source: ECB euro reference rates (14:15 CET), crossed through EUR/USD to obtain dollar pairs; Andra Markets calculations on log returns, 252-day year. Data to 8 October 2026.

1.0 Executive Summary

Key takeaways

momentum +, trend −

Momentum and trend disagree. Twelve-month momentum is strongly positive (+9.8 per cent), but the price has fallen below its moving averages in the past month, with an RSI of 31, at the edge of oversold territory. This kind of conflict usually marks a consolidation rather than a new trend.

vol at a 10-year low

Volatility at a ten-year low. At 4.8 per cent, one-month realised volatility is below every reading of the past ten years except about 1 per cent of days. Very low volatility in a currency that usually moves with risk appetite is unusual and leaves it exposed to a shock.

AUD = risk-on currency

A risk currency. AUD/USD rises with US equities (+0.39) and falls with the VIX (−0.34), among the strongest links to risk appetite in this series. Its direction in the coming weeks depends more on global markets than on the RBA.

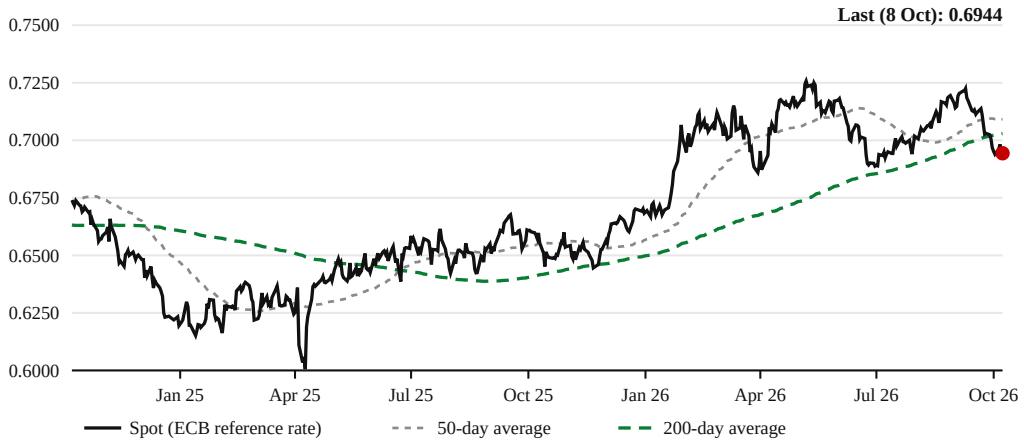
2.0 Price and Trend

A break below the averages

May high 0.7257

AUD/USD rose from 0.6445 in November 2025 to 0.7257 on 7 May, its highest level in this period, as the RBA began raising rates. It then moved sideways and, since early September, has fallen below the 50-day average (0.7091) and the 200-day (0.7030). The z-score against its one-year average is close to zero (+0.1), so the currency is neither cheap nor expensive relative to its recent history.

Exhibit 1. AUD/USD over two years, with 50-day and 200-day moving averages



below both averages

May high: 0.726

Source: ECB euro reference rates, Andra Markets calculations. Moving averages are simple averages of daily fixes.

3.0 Volatility

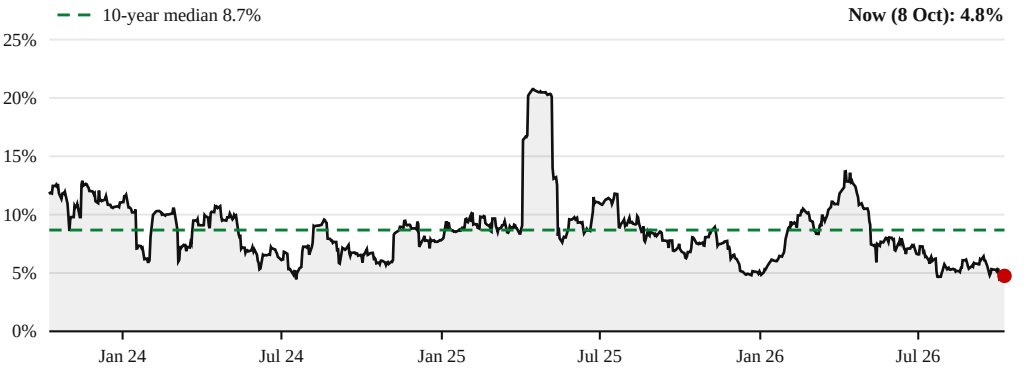
The lowest in a decade

1m 4.8% vs median 8.7%

One-month realised volatility of 4.8 per cent compares with a ten-year median of 8.7 per cent. Three-month volatility is 5.6 per cent and one-year volatility 7.7 per cent, so the calm is recent. It coincides with low volatility in equities (the VIX was about 15 on 7 October), which supports the idea that the Australian dollar is reflecting a calm global market.

Exhibit 2. AUD/USD: one-month realised volatility, annualised

2020: above 20%



Source: Andra Markets calculation from ECB reference rates: 21-day standard deviation of daily log returns, annualised with √252. The median is over ten years.

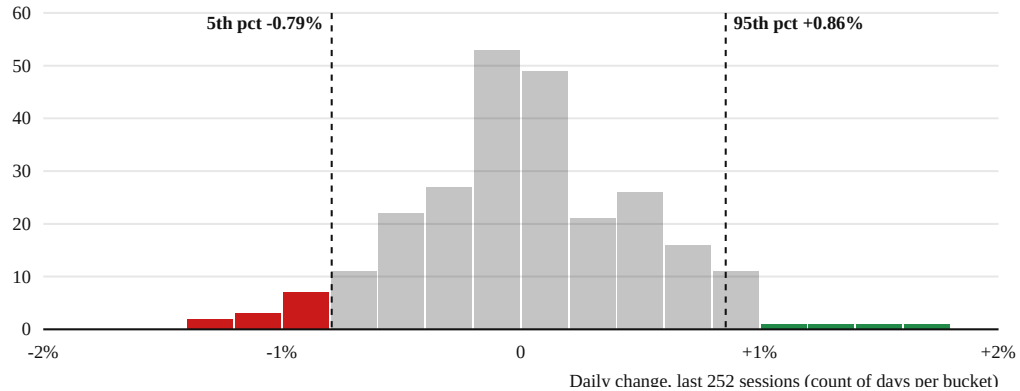
4.0 Distribution of Returns

Symmetric

skew ~0, thin tails

Daily returns over the past year are close to normal, with a skew of +0.12 and excess kurtosis of only 0.4. The largest rise was +1.74 per cent on 8 April, the day of the US-Iran ceasefire, and the largest fall −1.27 per cent on 15 May. The one-day value at risk at 95 per cent is -0.79 per cent.

Exhibit 3. AUD/USD: distribution of daily changes over the last year



8 Apr: +1.7%

Source: Andra Markets calculation. Red bars are days beyond the 5th percentile (historical value at risk), green bars beyond the 95th.

5.0 What Moves the Pair

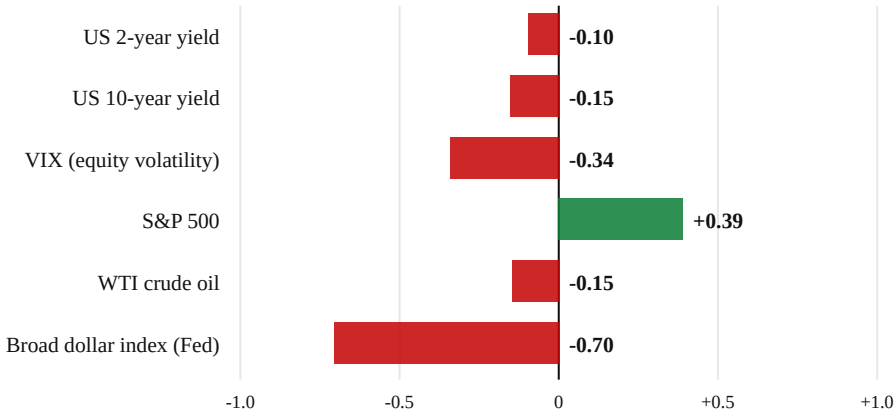
Risk appetite first

The correlation of weekly changes with the S&P 500 is +0.39 and with the VIX −0.34, while the link with US two-year yields is close to zero (−0.10). The broad dollar explains most of the rest (−0.70). In other words, the RBA's increases have not translated into a stronger currency because investors trade the Australian dollar mainly as a proxy for global growth and for China.

S&P +0.39, VIX −0.34

rates: ~0

Exhibit 4. AUD/USD: correlation of weekly changes with market drivers, last 52 weeks



rates: no link

Source: Andra Markets calculation from weekly (Friday) changes; FRED for US yields, VIX, S&P 500, WTI and the Fed broad dollar index. Weekly data avoid the gap between the ECB fixing time and US closing prices.

6.0 Macro and Policy Context

The most hawkish central bank

RBA 4.60%, highest since 2011

The RBA raised its cash rate by 25 basis points to 4.60 per cent on 29 September, unanimously. Monthly inflation was 4.0 per cent in August and consumers expect 5.3 per cent, while unemployment has risen to 4.6 per cent. Markets price about a 30 per cent chance of another increase on 3 November and 46 per cent by December. Australian two-year yields (4.92 per cent) are slightly above US yields, which should support the currency once risk appetite is stable.

Exhibit B. AUD/USD macro and policy dashboard

Indicator	Australia	United States
Policy rate	4.60% (hike 29 Sep)	3.75 to 4.00%
Next meeting	3 Nov	28 Oct
2-year yield	4.92%	4.79%
10-year yield	5.35%	5.24%
Inflation	CPI 4.0% (Aug, monthly)	CPI 3.4% (Aug)
Growth / jobs	GDP +2.1% y/y; unemployment 4.6%	GDP 2.2%; unemployment 4.2%

Sources: Reserve Bank of Australia, Australian Bureau of Statistics and Federal Reserve via Trading Economics; FRED (9 October 2026).

7.0 Positioning and Forecasts

Speculators short

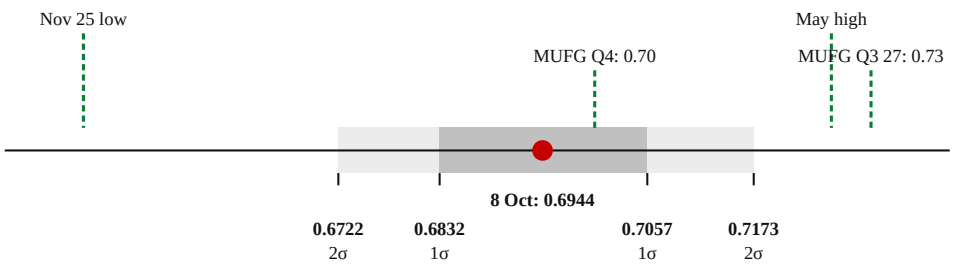
Speculators increased their net short position in the Australian dollar to 63,239 contracts in the week to 29 September, from 46,814. Forecasters are more positive: MUFG expects 0.70 at the end of the year and 0.73 by the third quarter of 2027, and Trading Economics' model has 0.70 and 0.71. The gap between bearish positioning and constructive forecasts is one of the widest in this series.

8.0 Quantitative Outlook

Ranges and signals

The one-month range is 0.6832 to 0.7057 at one standard deviation and 0.6722 to 0.7173 at two, based on three-month volatility of 5.6 per cent; if volatility returned to its ten-year median, these ranges would be about half as wide again. The composite score is zero: the negative trend offsets positive momentum, carry is too small to count and seasonality is mixed, with gains in seven of the last twelve fourth quarters.

Exhibit 5. AUD/USD: statistical one-month range from current volatility, with published forecasts



Source: Andra Markets calculation. Bands use three-month realised volatility of 5.6% and assume normally distributed returns: about two-thirds of outcomes fall inside 1σ and 95% inside 2σ. Forecast markers: MUFG (1 October 2026); 52-week extremes.

Exhibit C. Quantitative signal scorecard for AUD/USD

Signal	Reading	Implication for the pair
Trend	-2.1% vs 50-day, -1.2% vs 200-day	supports lower
Momentum (12 minus 1 month)	+9.8%	supports higher
Mean reversion	z-score +0.1; RSI 31	neutral
Carry (2-year yield gap)	+0.13 pp in favour of holding the pair	neutral
Seasonality (Q4, 2014 to 2025)	average +0.3%, up in 7 of 12	neutral
Composite score	**0 out of ±5**	**no clear edge**

Andra Markets rules: trend is positive if the pair is above both averages and negative if below both; momentum uses a ±1% band; mean reversion flags a z-score beyond ±2 or RSI beyond 30/70; carry uses a ±0.5 point band; seasonality needs at least 8 of 12 years in one direction. Signals are descriptive, not trading advice.

With no edge from the signals, positioning and volatility become the deciding factors. A large short position, a hawkish RBA and record-low volatility create the conditions for a rebound if risk appetite holds; a fall in equities would hit the currency directly given its correlation with the S&P 500.

score 0, but skewed

9.0 Risk Considerations and Calendar

What to watch

equities = main risk

The main risk is a fall in global equities or weaker Chinese demand. A softer US dollar after weak payrolls would support the currency. Key dates: RBA minutes on 13 October, US CPI on 14 October, Australian CPI on 28 October and the RBA on 3 November. The rate story supports the Aussie; the risk story will decide it.

28 Oct CPI, 3 Nov RBA

verdict: no signal, short positioning, record-low vol: watch for a squeeze

Methodology and Source Notes

Method. This note applies standard quantitative measures to AUD/USD using ECB euro reference rates, crossed through EUR/USD, to 8 October 2026. Returns are log returns; realised volatility is annualised with 252 trading days; value at risk is historical; correlations use weekly changes. Ranges and signals are statistical descriptions of past behaviour and do not predict future prices. Handwritten notes and highlights are informal commentary by the desk. This note is analysis, not investment advice.

Principal sources. ECB euro reference rates (data to 8 October 2026); FRED; Trading Economics (RBA decision, Australian yields and data, 9 October 2026); MUFG Research (1 October 2026); CFTC Commitments of Traders (29 September 2026).

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